

EC Agrees to Arms Embargo Against Backers of Terrorism



Uffe Ellemann-Jensen, left, the Danish foreign minister, talking Monday with the EC commissioner for external affairs, Willy de Clercq, before the Brussels meeting.

Libya Target, Official Says

By Steven J. Dryden
International Herald Tribune

BRUSSELS — Foreign ministers of the European Community agreed Monday to halt arms sales to countries supporting terrorism, but declined to join a U.S. campaign of economic sanctions against Libya.

Hans van den Broek, the Dutch foreign minister, who holds the revolving presidency of the EC, said the decision was a "clear message" to governments that support terrorism.

Before considering the question of terrorism, Mr. van den Broek urged the countries who are members of the EC to sign a package of revisions on Feb. 17.

The Danish parliament voted against the revisions last week, preventing that government from signing the measures before a national referendum, planned for the end of February, can be held on the question.

Uffe Ellemann-Jensen, the Danish foreign minister, said after meeting with the other foreign ministers Monday that his government, which supports the EC changes, had won agreement for a special interpretation of certain revisions.

This interpretation, he said, will allow Denmark to maintain its environmental standards, which many Danes believe are threatened by the EC changes. He added that the agreement would enable the government to present a persuasive case for the changes, and that he thought the voters would accept them.

"We will remain good and loyal members of the European Community," he said.

Although Libya was not mentioned in the declaration approved by the foreign ministers, Mr. van den Broek said it was his understanding that "no country wants to continue selling arms" to Tripoli. Mr. van den Broek added, however, that it was up to each EC member to decide on which country the arms embargo will apply.

The United States has accused Libya of backing the terrorist attacks last month on airports in Rome and Vienna, as well as others acts of violence against civilians.

It has urged its European allies to cut oil imports and take other steps to put pressure on Colonel Moammar Qadhafi, the Libyan leader.

While the EC declaration said that "states that favor or protect terrorists cannot expect indulgence"



Peres Pays Tribute to the Dead of Bergen-Belsen

Prime Minister Shimon Peres of Israel, on a three-day visit to West Germany, traveled Monday to the site of the Bergen-Belsen concentration camp, where he stood solemnly before a memorial to the estimated 30,000 Jews who died there in World War II.

Seoul Sees Little Hope Of Accord

Chun Says North Is Intent Upon Armed Conflict

By John Burgess
Washington Post Service

SEOUL — President Chun Doo Hwan of South Korea held out little hope Monday for meaningful progress in talks with North Korea and suggested that the Communist government there views them as part of its strategy to reunify the country by force.

Mr. Chun stressed military tensions and said the North has developed a "seven-day war concept" to blitz the South. He cited new weapons and military cooperation the North is receiving from the Soviet Union.

"In short, the threat of war is real," he said.

His statements came as talks between the two intensely hostile governments have again been suspended. The North cut them off on the ground that joint military maneuvers to be conducted by the United States and South Korea poison the atmosphere for détente. The United States maintains 40,000 troops in the South.

Mr. Chun said Moscow was taking a more active military role in Asia and that South Korea would be an attractive acquisition in its strategic designs in the region. China, in contrast, is exercising a moderating influence on North Korea, he suggested.

Mr. Chun made his remarks in an interview at the presidential residence in Seoul with Katharine Graham, chairman of the board of The Washington Post Co., and journalists from The Washington Post and Newsweek magazine.

In other points, Mr. Chun:

• Said he would step down when his seven-year term expires in 1988 and would oppose efforts before that time to amend the constitution to provide for direct election of the president.

• Rejected criticism that his government harasses its opponents. He said the National Assembly was so free that opposition members took part at times in "free-for-all."

• Reiterated an invitation to North Korea to attend the summer Olympic Games, which are to be held in Seoul in 1988.

• Called on the non-Communist world to reject protectionism. Mr. Chun devoted considerable time to analyzing the balance of forces on the Korean peninsula, which is one of the most heavily militarized regions in the world. He said North Korea now holds the edge.

Mr. Chun said the U.S. military had recently upgraded its estimates of North Korean troop strength from 740,000 to 880,000. The North has deployed more units near the demilitarized zone that divides the country and stockpiled about 230 tons of chemical-warfare agents, he said.

Mr. Chun said the Soviet Union had delivered 26 MiG-23 jets to the North and was expected to raise the number to 50. He said two new airports had been built near the demilitarized zone and cited the reported recent delivery of Soviet-made SAM-3 anti-aircraft missiles.

He said North Korea and the Soviet Union have moved closer together militarily since the North's president, Kim Il Sung, visited Moscow in 1984. "Russian aircraft fly over North Korean airspace freely," he said. He also cited visits to North Korean ports by Soviet warships.

Mr. Chun said that Soviet aircraft regularly conduct tactical re-

Thatcher Defends Role In Westland Dispute

By Maureen Johnson
The Associated Press

LONDON — Prime Minister Margaret Thatcher defended her actions in the Westland helicopter dispute Monday.

The opposition charged that she was still trying to cover up her role.

Westland announced a revised financial rescue plan. Page 11.

in a crisis that has led to the resignation of two cabinet members and demands that she step down.

Mrs. Thatcher said in the House of Commons that she did not know that her former trade and industry secretary, Leon Brittan, was responsible for disclosing a damaging government letter to the media until 16 days afterward.

She acknowledged that one day after the Jan. 6 leak, she was told "in general terms of contacts between my office and the Department of Trade and Industry."

The letter, from Solicitor General Patrick Mayhew to the defense secretary, Michael Heseltine, accused Mr. Heseltine of "material

inaccuracies" in his campaign to promote a European consortium's bid to rescue Westland PLC, the financially troubled British helicopter company.

Mr. Brittan and Mr. Heseltine did not ask the attitude of the trade secretary — almost as inconceivable that he did not tell her his attitude was.

Mr. Heseltine unexpectedly rallied to Mrs. Thatcher's defense Monday. He promised to vote for the ruling Conservative Party at the end of the emergency debate to "keep the Tory Party in power and keep the opposition out."

Referring to the Mayhew letter, Mrs. Thatcher said: "This was one, and doubtless one of a number of matters, that could have been handled better and that, too, I regret."

She added, "There was a genuine difference in understanding between officials as to exactly what

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Museveni Outlines His Policies for Uganda

By Edward Kitaka
The Associated Press

KAMPALA, Uganda — Yoweri Museveni, the commander whose insurgents have seized most of Uganda, outlined his policies Monday and said the military regime's forces were disintegrating quickly.

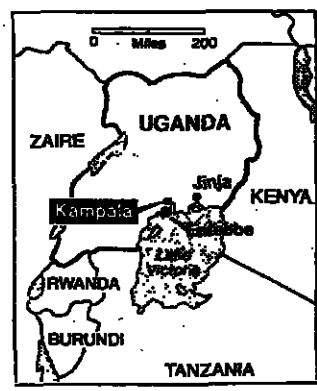
He said he would encourage a mixed economy of state-run and private enterprises in this East African nation of 14 million people.

In Mr. Museveni's first public appearance since his National Resistance Army captured Kampala late Saturday, he told foreign diplomats that his administration would seek good relations with all countries.

He appealed for international assistance to help Uganda rebuild after years of internal strife.

[The Reagan administration Monday praised Mr. Museveni's guerrilla organization. Reuters reported from Washington, the State Department spokesman, Bernard Kalb, said the administration had been in touch with the rebels' political wing in New York and Nairobi.

"We are encouraged by the fact that the National Resistance Army appears to be disciplined and has



restored order to those areas of Uganda that it has controlled," Mr. Kalb said. "We see no reason why we cannot have friendly and amicable relations with a Museveni-led government."

Mr. Museveni has moved swiftly to consolidate his hold on the capital since about 9,000 of his fighters took control after two days of heavy fighting against thousands of government troops.

He announced the establishment of a ruling council Sunday. He met Monday at the Lubiri army barracks with diplomats, journalists

and representatives of international organizations.

He told them the army of the six-month-old military government of Lieutenant General Tito Okello was falling apart, that many of its soldiers had joined his forces and that others who fled to the north and east should surrender.

There was no word on the whereabouts of General Okello, who became head of state after army officers overthrew a civilian president, Milton Obote, on July 27.

General Okello was last reported to be at Jinja, 50 miles (80 kilometers) east of Kampala and Uganda's second-largest city. Sources in Kampala and Nairobi, capital of neighboring Kenya, said Mr. Museveni's men were taking control around Jinja and further east at the Kenyan border.

Kampala was calm Monday, although bursts of gunfire could be heard where Museveni fighters were trying to round up fugitive troops.

Offices and businesses in the city center were closed, but gasoline stations opened for the first time since the fighting, taxis were operating and telephone and electricity service were restored.

The bodies of dozens of soldiers had lain in the streets Sunday, but most were removed by midday Monday.

Property damage was not extensive, although an explosion destroyed an army ammunition depot and artillery fire heavily damaged the Treasury building.

Some Kampala residents, accustomed to widespread looting in previous battles and coups, said they saw no looting by the Museveni fighters, who instead were seen guarding buildings.

Mr. Museveni said his forces would be willing to talk with virtually all political and military factions, "but criminal elements cannot be accommodated."

■ Wildlife Threatened
Uganda's wildlife, which has suffered badly from poaching by unruly soldiers during the past 15 years, is threatened anew by soldiers fleeing from fighting in the capital, Reuters reported Monday from Nairobi.

United Nations officials in Uganda said that fleeing soldiers were reported to have occupied the Parus Safari Lodge in the Murchison Falls National Park, and to be killing game animals for food.

For Voyager, a 'Bizarre' Discovery

By Thomas O'Toole
Washington Post Service

PASADENA, California — Miranda, a small moon of Uranus, appears in photographs from Voyager-2 as a crazy quilt of disconnected and misshapen cliffs, valleys, canyons and glaciers.

"If you took all the bizarre geology in the solar system and put it on one object, that would be Miranda," Dr. Laurence A. Soderblom of the U.S. Geological Survey said Sunday. "There is nothing like it in the solar system."

Voyager-2 passed Friday within about 50,000 miles (81,000 kilometers) of Uranus, the seventh planet from the sun and used the planet's tremendous gravitational force like a slingshot to direct the spacecraft toward a 1989 rendezvous with Neptune.

As it passed Uranus, Voyager-2 also discovered evidence of 10 new thin rings, which would double the number of known rings around the planet. It also tracked cloud formations in the atmosphere of Uranus, about two billion miles from Earth.

Photographs of Miranda, one of five moons discovered from Earth before Voyager-2 found 10 smaller ones, showed a surface



A view of Miranda, the innermost of Uranus's moons, taken at a distance of about 22,000 miles. The large crater near the center has a diameter of about 15 miles.

Wind, Stuck Bolt Force Shuttle Into a 3d Delay

The Associated Press
CAPE CANAVERAL, Florida

The flight of the space shuttle Challenger was postponed Monday because of strong winds that built up during the more than two hours that technicians worked to open a balky hatch bolt.

It was the third postponement in as many days. The launch was rescheduled for 9:38 A.M. Tuesday (14:38 GMT).

Wind gusts of more than 30 miles per hour (about 50 kilometers per hour) swept across a runway where the shuttle and its seven-person crew would land in case of an emergency shortly after liftoff. The National Aeronautics and Space Administration considers crosswinds of this speed too dangerous for a landing.

Because a bolt on the handle of the entry hatch had to be sawed off, technicians borrowed another handle from another shuttle, Discovery.

The problems started about an hour before launch time Monday morning, when microswitches failed to confirm that the hatch had closed properly. An engineer

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On the Philippine Political Stump, Marcos Is Like a Guerrilla Fighter

By Francis X. Clines
New York Times Service

ILOILO, Philippines — Whatever the doubts about his war record, Ferdinand E. Marcos shows the boldness of the guerrilla fighter in his attacks from the political stump.

Monday, he suddenly invoked the spirit of his slain opponent, Benigno S. Aquino Jr., as his "secret supporter and accused Mr. Aquino's widow, Corason S. Aquino, of planning to decree martial law if she is elected president.

Campaigning tirelessly through a day on the outer islands, Mr. Marcos thus sought a strategic turnabout of two of Mrs. Aquino's major campaign arguments: her focus on the fact that martial law was introduced by Mr. Marcos himself 13 years ago and her bitter accusation that the president was behind her husband's 1983 assassination.

The Aquino strategem added a barbed element to what has become Mr. Marcos's set campaign speech—a tough last stand against pressures that range far beyond this nation's stump circuit to the halls of power in Washington.

Obviously marshaling his limited energies for public rallies, the aging president faces the voters with a

slow, leathery quality of resolution. His eyes work crowds with the hawk-like air of the hunt as he belated warnings against Communism with denunciations of the lack of experience of Mrs. Aquino, topped by the most free-wheeling use of government largesse for wooing voters in all his 20 years in power.

Beyond the candidate, there is the government itself ready to echo his warnings about Communism. The army did so Monday in announcing an alert and "deployment" of small teams in Manila on the watch for Communists who might "infiltrate" mass demonstrations.

Alternately playful and imperious, Mr. Marcos showed some of his famed political witness Mon-

day as he delighted large crowds in signing one executive order after another to "immediately" cut their housing and utility costs.

"I hereby order the lowering of electric rates," he announced.

He also suddenly ordered the dispersal of one billion pesos (\$54 million) to the citizenry for them to buy up surplus from the depressed sugar industry in hopes of reviving sugar prices.

Under the hot morning sun, he pushed his edict power to the limits in trying to placate sugar farmers. Mr. Marcos ordered bank officials to somehow grant short-term credits to help farmers. The crowd of more than 40,000 at Bacolod cheered.

Then, noting this might be ille-

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Nigeria's Problems: Oil Prices Fall as Debts Mount

By Blaine Harden
Washington Post Service

LAGOS — The past week's sharp drop in oil prices catches this country, which is dependent on oil revenues, in the middle of a confrontation with the world banking system.

Nigeria's military leader, Major General Ibrahim Babangida, declared on New Year's Eve that his country would use no more than 30 percent of its export earnings to pay foreign debts. In effect, the general told bankers rather to settle this year for a little more than half of what they are owed or risk getting nothing.

At stake in Nigeria's challenge to its creditors is the economic future of an underdeveloped country with 100 million people who

account for half the gross national product of black Africa.

Also at stake is the question of who calls the shots in international finance. Should it be the bankers who loaned billions of dollars at high interest rates and the rich countries that ensure many of those loans? Or should it be debtor nations that must balance their international credit ratings against the need to use export earnings to finance their economic recovery?

Last week's tumble in the price of Nigerian crude oil, along with the likelihood of still further cuts, not only threatens the economy but also heightens the confrontation between Nigeria and the bankers.

If General Babangida sticks to his word, Nigeria's creditors, said no more than 30 percent of the country's earnings, will be squeezed with each decline in the price of oil.

Bankers and Western governments are owed about \$18 billion by Nigeria.

Nigeria's low-sulfur Bonny Light crude is almost identical to that produced in the North Sea by Britain and Norway. Last week's fall in the price of North Sea oil in the spot market to less than \$18 a barrel, oil analysts said, pulls down spot market price for Nigerian crude.

The spot market price for Nigerian crude at midweek was \$21.50 a barrel, \$7.15 below the official selling price of \$28.65.

"They are pegged together," said Ed Robinson, Texaco Inc.'s general manager in Nigeria. "If North Sea crude falls to \$15 a barrel, Nigeria crude can't stay far behind."

Oil industry specialists and financial analysts said Nigeria's economy, which is dependent on oil for about 94 percent of its export

earnings, is extraordinarily vulnerable to falling oil prices.

Analysts said a drop in the price of oil to \$16 a barrel would leave Nigeria barely able to pay for the \$6.7 billion of imports proposed in this year's austerity budget. This assumes that the country could find buyers for 1.5 million barrels of oil a day. Still, there would be almost nothing left over to pay a foreign debt bill conservatively estimated this year at \$4.8 billion.

If Nigerian crude was selling at \$18 a barrel, the Nigerian government would receive about \$13 for each barrel.

If the price of oil holds at \$20 a barrel and production is maintained at a more realistic level of about 1.1 million barrels a day, analysts said Nigeria would still have to trim

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TOMORROW

Ronald Reagan's closest neighbor used to be Earl Douglas Edwards Jr., who slept on the sidewalk in front of the White House as one of Washington's 5,000 to 10,000 street people.



William Perry, Chicago's rookie defensive tackle, rejoiced after scoring in a record-setting 46-10 defeat of the New England Patriots in the Super Bowl. Page 17.

fresh news

Right's Freitas do Amaral Calls Voting in Portugal 'Extraordinarily Positive'

LISBON — Diogo Freitas do Amaral, the rightist candidate, began his campaign Monday for the second round of Portugal's presidential elections in a strong position to defeat the former prime minister, Mário Soares, a Socialist.

Mr. Freitas do Amaral, 44, narrowly missed winning a majority in the first round Sunday, gaining 46.3 percent of the vote to 25.4 percent for Mr. Soares.

The left's vote was split between Mr. Soares, 61, and two defeated candidates, Francisco Salgado Zenha, a dissident Socialist, and Maria de Lurdes Pintassilgo, a Roman Catholic with leftist views on social and economic issues.

"The results are extraordinarily positive and encouraging," Mr. Freitas do Amaral said after the first-round votes were counted.

Mr. Soares, who has led three governments since democracy was restored by the 1974 revolution, faces a struggle to get the radical left, and particularly the Communist Party, to support his moderate position. He is disliked by the Soviet-aligned Communist Party because of his anti-Communist stand following the coup.

The Communist Party, which normally commands 16 to 20 percent of the vote, told its members to vote for Mr. Zenha in order to defeat Mr. Freitas do Amaral and Mr. Soares, both of whom it labels right-wing.

Much will depend on how the Communists advise their supporters to vote in the second round, on Feb. 16.

Both defeated candidates helped Mr. Soares's chances by declaring that they will not vote for Mr. Freitas do Amaral, a law professor who has been the defense minister and the foreign minister in previous governments.

Since the revolution the left has been the stronger force in Portugal, but a victory for Mr. Freitas do Amaral would improve the position of the Social Democrats led by Prime Minister Anibal Cavaco Silva. Mr. Cavaco Silva took office in November with a coalition government but he lacks majority control of the legislature.

Although the president's powers are largely advisory, he has the au-



Mr. Freitas do Amaral toasted his near-majority in the first round of the election.

Success Requires Connections, Status, Soviet Economist Asserts in Newspaper

MOSCOW — A leading Soviet economist has published an article asserting that economic opportunity in the Soviet Union is still determined to a large extent by a person's social status, connections and geographic location.

The article, published Thursday in *Sovetskaya Kultura*, a cultural newspaper, offered a less favorable assessment than the government's usual one about the Soviet Union's progress toward becoming the classless communist society outlined in Marxist theory.

The government usually acknowledges that economic disparities between cities and rural areas continue but contends that in the Soviet Union, unlike in capitalist societies, other sources of economic inequality have been largely eased.

In a report disclosed to Western reporters in 1983, the economist, Tatyana Zaslavskaya, called for decentralization of the Soviet economy. The report, initially printed in 70 numbered copies, was never

widely distributed in the Soviet Union.

Miss Zaslavskaya is a department head at the Institute of Economics and Industrial Organization in the Siberian city of Novosibirsk. The institute is considered a center of unconventional economic thinking.

Western diplomats said that *Sovetskaya Kultura's* publication of the Zaslavskaya article was a further indication that, under Mikhail S. Gorbachev, an unusually vigorous and open debate has developed about the underpinnings of the Soviet system and the kinds of change required to revitalize the economy.

Sovetskaya Kultura printed an article earlier this month discussing the traditionally taboo subject of Soviet unemployment.

In her article, Miss Zaslavskaya discussed another previously sacrosanct principle of Soviet communism: that the distribution of income should be determined by work, not by social standing.

The government, borrowing from Marx's writings, often says that the Soviet Union is guided by

the principle, "from each according to his ability, to each according to his work."

Marx, writing about life in a post-revolutionary society, said this principle would be operative during the first phase of development toward communism.

In a more advanced phase, he said, the principle would be "from each according to his abilities, to each according to his needs."

Miss Zaslavskaya said that the Soviet Union still fell far short of achieving the first objective.

"Opportunities for the timely development of one's abilities are still dependent to a large extent on one's geographical location and on the social and economic standing of one's parents," she said.

She also said that access to the best schools was determined largely by social status and connections.

Miss Zaslavskaya contended that in employment, factors such as health, experience, education and talent often took a secondary role to issues such as social connections. Geographic location also played a vital role, she wrote.

Judge Is Said To Push for Bhopal Pact

NEW YORK — Attorneys for the Union Carbide Corp. and the Indian government, prodded by a U.S. judge, have resumed active work on a settlement in the multi-billion-dollar litigation over the 1984 gas leak disaster in Bhopal, according to sources close to the case.

The two sides are still far apart on the central issue of money, the sources said. Union Carbide, the majority owner of the Bhopal plant in India, has stuck with its offer of \$240 million, although its officials last summer informally mentioned the figure of \$400 million.

The Indian government wants \$700 million, the sources said.

U.S. District Judge John F. Keenan, who presides in Manhattan, has told the parties that he will delay a decision on whether the trial should be held in India or the United States until both sides make a stronger effort to settle, legal sources said.

The final hearing on the issue was held Jan. 3, and a decision was expected by early next month.

Instead, the judge has scheduled a meeting for Feb. 8 with lawyers and with accident victims brought from India, sources said.

The victims represent three categories: relatives of those who died, seriously injured people, and mildly injured people. More than 2,000 people died in the gas leak from the pesticide plant on the night of Dec. 2, 1984, and thousands of others were injured.

"Settlement is in the wind," a lawyer in the case said. He added that, although it might take six months for details to be made final, Judge Keenan would not decide on the trial's location as long as settlement talks were progressing.

Many people familiar with the case say they expect a settlement of \$400 million to \$600 million, spread out over as long as 10 years.

The lawyer said that both sides knew the judge could hold the trial location over the head of a party reluctant to negotiate.

Union Carbide wants the trial to be held in India; the Indian government and American attorneys for individual victims want a trial in the United States. American courts generally offer speedier decisions and higher money awards.

Arafat Meets Hussein to Reformulate Peace Effort

AMMAN, Jordan — King Hussein and Yasser Arafat, the Palestine Liberation Organization leader, are discussing a "new formula" for their peace-seeking effort that would meet some U.S. conditions while insisting on a Palestinian self-determination, a highly placed PLO source said Monday.

The source, who insisted on anonymity, said that the meetings here between Mr. Arafat and Hussein were the most important since Feb. 11, when the two met agreed on a joint initiative to pursue peace with Israel.

Mr. Arafat met with Hussein twice on Sunday and was meeting again Monday with the King and Prime Minister Zaid al-Rifai. The source said the talks would end Saturday.

Hussein and Mr. Arafat agreed last year to offer peace to Israel in exchange for an Israeli withdrawal from territory occupied in the 1967 Middle East war and for the creation of a Palestinian state confederated with Jordan.

The new formula would build upon that accord, not replace it, the PLO source said.

He indicated that the discussions involved a formula that would incorporate UN Security Council Resolution 242 while insisting upon a Palestinian right to self-determination.

The resolution calls for Israel to withdraw from territories it occupied in 1967 in return for peace. It recognizes the sovereignty and security of all states in the region but fails to guarantee self-determination for the Palestinian people.

The United States has refused to deal with the PLO until it accepts Resolution 242 and recognizes Israel's right to exist. It also has rejected any Palestinian right to a state, accepting only the idea of limited self-government.

Israel has refused to deal with the PLO.

The PLO has come under pressure from some Arab moderates to show progress on its peace initiative. President Hosni Mubarak of Egypt said last month that the PLO must accept Resolution 242 or risk being left out of the peace process.

The PLO source said that his organization would not accept Resolution 242 unless the United States recognized a Palestinian right to self-determination in a Jordanian-Palestinian confederation.

He said that the PLO would not be satisfied with an American guarantee of a PLO seat at a peace conference unless the organization would have some power to affect direct Israeli-Jordanian talks.

Peres-Mubarak Talks Seen

A special Israeli envoy held unannounced talks with Mr. Mubarak on Monday and said later that a meeting between the Egyptian leader and Prime Minister Shimon Peres of Israel was inevitable, Reuters reported from Cairo.

"It's going to happen," said Ezer Weizman, the Israeli minister of state responsible for relations with Egypt. "Everybody wants the meeting."

Mr. Weizman arrived Sunday on a trip reported in Israel to be aimed at setting up an early meeting of the two nations' leaders.

Mr. Mubarak has refused to meet Mr. Peres before there is progress in settling a dispute over claims to the Israeli-held Gaza enclave in Sinai. There has been no public shift in Mr. Mubarak's stance.

WORLD BRIEFS

8 Die in South African Tribal Clash

DURBAN, South Africa (Reuters) — At least eight persons were killed in a clash between Zulu and Fingo tribesmen, South African police said Monday. The fighting broke out Saturday after the death of a woman in Umkomaas, south of Durban.

Tension between the groups flared last week about 18 miles (30 kilometers) from Saturday's battleground, leaving at least 42 dead. Sixty people were killed in fighting on Christmas Day. A police spokesman said he did not know to which tribe the eight latest victims belonged or how many people had been involved.

Azcona Takes Office in Honduras

TEGUCIGALPA, Honduras (AP) — José Azcona Hoyos was sworn in Monday as the 75th president of Honduras and promised to work for social and economic development in the country, one of the poorest in the Western Hemisphere.

The ceremony took place in Tegucigalpa's sports stadium, swept by a cold wind that had more than 40,000 spectators shivering. "To the United States, we reaffirm our friendship," Mr. Azcona said in his inaugural address, "and vow to work for pluralistic, participatory democracy." The military has ruled Honduras or has dominated civilian governments in recent decades, and Mr. Azcona is expected to rely heavily on the military and the United States for support.

The 58-year-old civil engineer also pledged his administration's support for the Contadora process, a multinational effort to negotiate a peace treaty for Central America.

Gemayel Faces New Crisis in Lebanon

BEIRUT (Reuters) — President Amin Gemayel of Lebanon faced a new crisis Monday after his cabinet failed to respond to a summons to discuss a Syrian-negotiated accord to end the civil war.

Only three of the nine ministers responded to his plea by taking their seats at the presidential palace at Baabda, sources said. Mr. Gemayel had asked the cabinet to meet, for the first time in five months, to refer the peace accord to the legislature.

The request for a meeting, made Sunday, was promptly rebuffed by Moslem leaders. Other Moslem sources said it was simply a ploy to gain time and head off plans to depose the president, a Maronite Christian.

Lange Accuses Officers of Disloyalty

WELLINGTON, New Zealand (AFP) — Prime Minister David Lange of New Zealand accused some military officers Monday of disloyalty and of making false allegations about the government's military policy because they opposed his stand against nuclear weapons.

Mr. Lange said at a news conference, "There are disloyal officers in the Ministry of Defense because they are given to leaking information to the media." He did not identify the officers. Mr. Lange said serving officers and other personnel who had leaked material had "made false allegations" about the government's policy and actions.

Defense Minister Frank O'Flynn's said in a statement: "From the first, the government's policy of not allowing nuclear weapons into New Zealand was unpopular to the defense establishment generally. Distaste turned in many cases to opposition when the United States, in avowed retaliation, progressively cut off all the forms of conventional defense co-operation with New Zealand."



David Lange

Walesa Ordered to Stand Trial Feb. 11

WARSAW (UPI) — One of the founders of Solidarity, Lech Walesa, was ordered Monday to appear in court in Gdansk on Feb. 11 to stand trial on charges of slander for questioning official election results, his wife said.

A summons setting trial dates of Feb. 11, 12, 14, 17 and 18 arrived at Mr. Walesa's Gdansk apartment while he was traveling to the northern city of Olsztyn to answer a summons for questioning by a state prosecutor in another case, according to his wife, Danuta.

Mr. Walesa has been indicted on charges of slandering the elections commission by questioning official turnout figures for last year's parliamentary elections. The trial will be held at the regional court in Gdansk. He appeared Monday at the court in Olsztyn to answer questions about statements he made on the death of Marcin Antonowicz, a 19-year-old student who died in police custody in October.

For the Record

Pope John Paul II will avoid the issue of birth control when he visits India Feb. 1-10, Archbishop Angelo Fernandes of New Delhi said Monday. The pope's condemnation of artificial birth control contrasts with the Indian government's encouragement of modern methods to contain a population of about 750 million. (Reuters)

Japan must abandon the notion that it is "catching up with the other major countries" and help in "bearing the costs of preserving world peace and prosperity," Foreign Minister Shintaro Abe said Monday. (Reuters)

Anna Hauptmann lost an appeal to the U.S. Supreme Court on Monday in which she contended that her husband, Bruno Richard Hauptmann, was innocent of kidnapping and murdering the infant son of the late aviator Charles A. Lindbergh. Hauptmann was executed 50 years ago in New Jersey. (AP)

James C. Sanders, head of the Small Business Administration for the past four years, is resigning in a dispute with the White House over its proposal to abolish the agency, administration officials said Monday. (AP)

Japan's Buy-U.S. Campaign Hits Several Snags

TOKYO — Noriko Takemoto remembers her prime minister going on television in April and asking the Japanese to buy more foreign goods. But the request had no effect on her shopping.

"I don't worry very much about the national economy," the 36-year-old woman said. "I worry more about how to find cheaper vegetables. I remember the prime minister was pleading with people to buy imports, but I just can't connect my life and his."

That mirrors the general reaction to the import drive begun by Prime Minister Yasuhiro Nakasone. For the United States, the results seem particularly moderate, weighed against its estimated \$50 billion trade deficit with Japan. The problem, according to Japanese and U.S. officials, is that campaigns alone cannot address the larger reasons that determine what people or corporations buy.

Japanese consumers still look to Europe for most of the luxury imports they buy and to home for the necessities. Corporations still feel bound to a longstanding network of suppliers. Both groups still nurse doubts about the quality and service of U.S. goods. Nor is it easy to get imports past government regulations, through distribution channels and into stores.

Nor are prospects good for a quick rise in imports. Most Japanese economists are predicting that the economy will slow in the coming months.

Nevertheless, the Japanese ran the import campaign with the sense of ceremony, and the occasional overkill, typical of promotional efforts here. The government has sponsored nearly 2,000 import fairs, pushed major corporations to increase imports and plastered subway cars and trains with exhortatory posters.

The drive produced some results. Import fairs aimed at consumers across the country netted \$79 million. On the corporate side, 134 companies pledged to increase imports by \$7.4 billion, up 7.5 percent over the previous fiscal year.

The Ministry of International Trade and Industry could not offer figures detailing import trends since the drive began nine months ago. But in 1985, overall imports declined by 5.1 percent, to \$129.5 billion, mostly because of lower prices for such important imports as oil. Imports of manufactured goods from the United States increased by \$600 million.

The 134 corporations that the trade ministry asked to step up imports reported plans to buy a total of \$104.6 billion of foreign goods, mostly by this spring.

But it is difficult to tell how many of the imports purchased under the program were

from the United States. Department stores do not break down their import sales into countries of origin.

A spokesman for the Takashimaya chain of department stores, which has been an active promoter of imports, said that 80 percent to 90 percent of the foreign goods it sold were from Europe.

Hiroshi Matsumura, an official of the trade ministry who helped to supervise the import drive, estimated that about 20 percent of the foreign goods bought by corporations were from the United States, half in raw materials and half in manufactured products.

Among the imports are nearly \$3 billion in planes from Boeing Co. and McDonnell Douglas Corp., a \$7.5 million supercomputer from Cray Research Inc., \$5.7 million worth of computers from Burroughs Corp. and five helicopters for \$15 million from Bell Helicopter.

Mr. Matsumura said that many Japanese companies also had started in-house import drives.

Companies are working to change purchasing behavior, Mr. Matsumura said.

"Previously, the purchasing departments of some companies looked only at the lists presented to them by their suppliers or subsidiaries," he said. "Now at least they are starting to compare foreign goods and Western goods."

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Seoul Leader Sees Little Hope of Accord With North

(Continued from Page 1)

connaissance over the demilitarized zone.

Mr. Chun depicted this activity as part of a larger Soviet design to increase its military influence in East Asia. He said a third of Mos-

cow's strategic forces is now in the region. He said that if the Soviet Union could take South Korea it could undercut U.S. strategic interests in the region in a single stroke.

"The aggressive policy stances of the two powers seem to coincide," he said, referring to North Korea and the Soviet Union.

He indicated that China, the North's other major ally, seems to be playing a moderating role on the peninsula.

"I hope the Chinese leadership will increase its influence in Pyongyang," the North Korean capital, "and I think that can have the effect of preventing catastrophe in this region," he said.

Mr. Chun repeated his offer to

meet with Mr. Kim but indicated that he was not optimistic. He noted the two governments had been at odds for almost 40 years.

He quoted what he said were words of Kim Jong Il, President Kim's son and heir-apparent to power in Pyongyang, that "South-North talks are a tactical step to a revolutionary goal, a strategy for revolution in South Korea and a union with North Korea."

"They feel these talks can help this goal," Mr. Chun said.

In 1984, North and South embarked on what has become their most protracted series of talks, touching on sports, economic cooperation, family reunion and political subjects. Few analysts feel that any real progress has occurred, however.

Predicting that international pressure would mount on the North to resume the now-suspended talks, Mr. Chun said he hoped meetings would start again later this year.

On domestic politics, Mr. Chun said he would leave office in 1988 as required by the constitution, which he enacted after seizing power as an army general in 1980 after the assassination of President Park Chung Hee. He then retired from the military to become president.

"We must set up a precedent of a president handing over his office peacefully to an elected successor," he said. South Korea has never experienced such a transfer since it was founded as a republic in 1948, three years after Korea was divided into U.S. and Soviet occupation zones at the close of World War II.

Mr. Chun repeated calls from the chief opposition party for immediate amendment of the constitution to provide for the direct election of the president, rather than the current indirect electoral college system. Mr. Chun's opponents claim the college is open to manipulation by him and would allow him to choose a successor.



Chun Doo Hwan

U.S. Prepares Red-Carpet Welcome For Guerrilla Leader From Angola

WASHINGTON — In what is shaping up as a crescendo to the acrimonious debate over U.S. policy toward Angola, Washington is preparing to play host for two weeks to the man who stands in the center of the controversy — a trimly bearded guerrilla chieftain of considerable charm named Jonas Savimbi.

Heralded by President Ronald Reagan as an exemplary "freedom fighter" and embraced by conservatives as "the Che Guevara of the right," Mr. Savimbi is vilified as a "terrorist" by the Soviet and Cuban-backed Marxist government he has fought for a decade. To most of black Africa, he is a stooge of South Africa's white rulers.

Mr. Savimbi, the leader of the National Union for the Total Independence of Angola, or UNITA, is about to officially and publicly receive the blessings of the administration.

These will include the personal benediction of President Reagan and Secretary of State George P. Shultz, who will heap praise on the Angolan rebel as the leader of a grand anti-Communist crusade.

Conservative groups, such as the Heritage Foundation, the American Conservative Union and the American Security Council, are orchestrating a welcome for Mr. Savimbi unlike anything Washington has seen for an African guerrilla leader.

After his arrival Tuesday, Mr. Savimbi will use the groups and other appearances as a platform



Jonas Savimbi

from which to launch his plea for military and nonmilitary assistance from the United States.

Black, Manafort, Stone & Kelly, a public relations and lobbying firm with a \$600,000 contract to represent UNITA, is helping to stage-manage much of the visit segments of the U.S. foreign policy community, a spokesman for the firm said. It has arranged a whirlwind schedule of government and congressional appointments, as well as media and think tank appearances.

As an indication of Mr. Savimbi's ascent to the top of the administration's foreign policy agenda, the National Security Council staff is private briefing on the battlefield status of his guerrilla war.

He also will make a closed-door speech to State Department officials.

The question of whether Mr. Savimbi will receive U.S. aid remains hotly debated.

The White House has submitted to the House and Senate Intelligence Committees an initial plan for \$10 to \$15 million in covert military aid to be funneled to Mr. Savimbi through the Central Intelligence Agency.

Mr. Savimbi's supporters in Congress, however, want to turn the administration's proposal from a covert to an overt program, partly because they object to the CIA's surreptitious involvement in Third World conflicts and partly because they favor a larger appropriation.

Mr. Savimbi has argued that proposed aid to the administration's covert plan.

Both supporters and opponents of aid to Mr. Savimbi seem to agree on one thing: a decision to support him will have repercussions on U.S. foreign policy far beyond Angola's borders.

Advocates believe it will send a strong message to Moscow of U.S. resolve to "roll back" Communism by aiding guerrillas fighting Soviet client states. In this context, they see the U.S. commitment as a crucial test of the so-called Reagan doctrine dedicated to this objective.

Opponents of aid to Mr. Savimbi argue that direct American involvement in his struggle will inevitably draw the United States into a damaging alliance with South Africa, now UNITA's chief backer, and make the U.S. role of a neutral mediator in the region's disputes impossible.

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Ronald Reagan

The Televised News Conference: Kennedy's Legacy Is Enduring

By Wayne King... WASHINGTON — It was a quarter of a century ago, but like almost everything else the young president did, it seems a moment frozen in time.

people, it sometimes becomes a vehicle for self-promotion, a stage-managed political commercial imparting not information but image.

It was Eisenhower who, asked in his 1960 news conference on Aug. 24, 1960, for just one "major idea" instigated by his vice president, Richard M. Nixon, replied: "If you give me a week, I might think of one. I don't remember."

critics say the air of immediacy given by live televised news conferences is largely illusory.

record answers, and Kennedy's decision for live cameras made immediate answers mandatory. No longer could a president simply say, "Hold on, I'll need a minute to call the secretary of state on that."



John F. Kennedy

Budget Cuts Will Delay Medicare Payments

By Robert Pear... WASHINGTON — Medicare payments to doctors, hospitals and beneficiaries will be delayed this year because of budget cuts sought by the Reagan administration and approved by Congress, according to federal health officials.

FAA Orders Quick Repair Of Jet Engines

By Richard Witkin... NEW YORK — The Federal Aviation Administration has issued an emergency order requiring prompt repairs of 27 jet engines that it said had been improperly overhauled by a Miami maintenance company.

New York's Mayor Calls Queens Official a 'Crook'

By Michael Oreskes... NEW YORK — Mayor Edward I. Koch has called Donald R. Manes, the Queens borough president, a "crook" and intensified his calls for him to resign amid a widening investigation into charges of corruption in city contracts.



Donald R. Manes

D. Evrigenis, 60, Greek Deputy in Strasbourg, Dies

The Associated Press... STRASBOURG — Dimitrios Evrigenis, 60, a Greek deputy to the European Parliament and a member of the European Court of Human Rights, died here Monday.

Construction Plans Upset

Plans for large construction projects by state and local governments around the country are being disrupted by provisions in the federal tax bill, approved by the House last month, which severely restrict sales of municipal bonds, government officials and securities dealers say, according to The New York Times.

Other deaths

Financing for some major capital projects for sewers, roads and school buildings has been postponed since the start of the year. And local government officials report that restrictions on cooperative ventures with private businesses are complicating efforts to attract new businesses and stimulate local economies.

Carpet Welcomes Her From Angola

Carpet Welcomes Her From Angola... The holiday oasis for the individual guest... Skischool, chairlift and skiff, from the hotel to sunny slopes, downhill runs to the doorstep, cross country skiing, curling and skating.

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INTERNATIONAL Herald Tribune

The Truth About Marcos

Politicians, being mortal, often concoct fictions about their past, but for creative audacity Ferdinand Marcos is non-parallel. Out of military archives comes evidence that he fabricated his World War II heroism, invented a whole guerrilla army and may have collaborated with Japanese occupiers.

bitter and dying Carlos Romulos, for 16 years their loyal foreign minister, told a recent visitor, "They are stealing us blind." A subcommittee of the U.S. House of Representatives has heard credible testimony that Imelda Marcos has acquired four Manhattan properties worth \$350 million.

Peace Still Has Priority

This is, again, a nervous moment in the Middle East. The Reagan administration, having spent a frustrating fortnight trying to rally the European allies to apply tougher economic sanctions against Libya, is notching up the military pressure on its own.

with fire," will respond in the stated American spirit of legality and inoffensiveness. His credibility as a terrorist is all too well established. The Russians have their own large role in this war of nerves.

Other Opinion

The socialist era almost everywhere appears to be coming toward its end. In Italy the Communist left is the prisoner of its institutions and its history, unable to come to terms with the political center or to adapt to the changes which are taking place in society.

idea which has gripped the European mind for more than a century has run its course. A product of the confluence of industrialization and democratization, the idea of socialism took hold at the moment when God was pronounced dead and politics was aspiring to be a universal science.

A 'Marshall Plan II' for European Defense

By Christopher Layne

LOS ANGELES — Neocconservative advocates of the Reagan doctrine call for extending foreign commitments at a time when strategic overextension and economic circumstances require their reduction.

conditions of 40 years ago. Individually the NATO countries spend considerably less of their GNP on defense than America does. More to the point: According to a recent Pentagon study the U.S. commitment to NATO accounts for some 53 percent of America's own defense budget.

the incentive — which they lack as long as they remain under the U.S. umbrella — to transform their resources into real military power.

interests. In these circumstances, U.S. willingness to maintain the commitment will understandably diminish — especially as Americans become more fully aware of the nuclear dangers and economic costs of this commitment.

The writer, an attorney, was the NATO/Western Europe analyst at the U.S. Army's Army Center think tank in Pasadena during 1984. He adapted this column for the International Herald Tribune from an article in the current issue of Foreign Policy magazine.

Why Resist A Nuclear Test Ban?

By Flora Lewis

GENEVA — Mikhail Gorbachev has extended the Soviet moratorium on nuclear testing for three months, until the end of March, to induce the United States to stop testing. A resolution in the House of Representatives calling on the Reagan administration to resume negotiations for a complete nuclear test ban has 207 congressional co-sponsors and is sure of passage.

Why? There are layers on layers in the arguments against giving up nuclear explosions underground, the only remaining legal possibility. The current favorite is to "star wars," ray laser weapons for a nuclear explosion.

Why aren't U.S. missiles made so that they are more reliable and can have defective parts replaced without nuclear tests? They could be, but as the Livermore physicist Hugh E. DeWitt pointed out in 1983 in the magazine Physics Today, the labs don't want to design them that way.

Designers have always worked on the assumption that tests will never be forbidden, and so they can argue that they need tests to ratify their choice of design. It makes a closed circle.

As you probe down and down through the arguments, the basic one emerges. It is that the United States needs to keep "all its options," needs to have the choice to make different and better nuclear weapons when a new idea comes along.

And that leads to the core question. Even as it negotiates with Moscow to destroy a large percentage of existing weapons on both sides, does America still want to keep building more kinds of nuclear arms or are there more than enough in the world?

While a comprehensive test ban would not guarantee that no more countries are going to become avowed nuclear powers, it would be a strong restraint on proliferation. If the Soviet Union, the United States and Britain, which were negotiating such a ban, agreed to renounce all testing permanently, any test by a new country would provoke world outrage and possibly sanctions.

There are compelling reasons for a ban that can be adequately verified. It would go a long way toward stopping the nuclear arms race. But it is obvious that the administration refuses to take the initiative.

So it is up to Congress — which has proved that it can act effectively on arms control by making a law banning U.S. tests of anti-ballistic weapons as long as the Russians do not test them. That is an important start. The next step is to press for a ban on all nuclear tests.

And what can "nondemocratic origins" mean, given that the UNI polled 16.32 percent of the faculty vote and 9.62 percent of the student vote in the election of the Conseil National de l'Enseignement Supérieur et de la Recherche, the most important of the university elections?



It Takes a Hard Man to Make Nonviolence Work

By Charles Kranthammer

WASHINGTON — "The accepted wisdom in South Africa," Lionel Abrahams, a literary critic, told The New York Times, "has it that nothing will do but that hard black men come to grips with hard white men, to which end the soft men between must clear out of the way."

stood alone between black demonstrators and heavily armored South African troops and negotiated a solution that averted certain violence.

the real leaders of our people who are in jail and in exile," he says. A second and more important reason is because South Africa is not America. South Africa is all South, old South.

But how many societies are capable of 'moral renulion'?

His nonviolence, however, seems more a personal choice. "I wouldn't, myself, carry guns or fight and kill. But I would be there to minister to people who thought they had no alternative." Personal choices are not forced on others. Indeed, he says, tactics are not even his domain.

King would not be moved. True, he was more fortunate than Bishop Tutu in his choice of birthplace. America had the capacity for shame that is the necessary condition for the success of nonviolence. But it is not a sufficient condition. The ground needs a figure. Nonviolent revolution needs a hard man to lead it. That is why America gives thanks for Martin Luther King.

How many societies would tolerate a Tutu? The Pretoria regime won't talk to him. And the young black militants want him out, he says, so that they can "get on with the revolution without him." The hard man went the soft man to move.

Washington Post Writers Group

America Becomes a Nation of Fatherless Families

By David S. Broder

WASHINGTON — It is hard to think of two public figures in the last 25 years who have more consistently and constructively addressed America's major concerns than Daniel Patrick Moynihan and Bill D. Moyers. That both have now chosen to focus on the breakdown of the family, especially the black family, strongly suggests that the rest of America should pay attention.

is central to any serious strategy to improve the black condition.

are rated low achievers. They are sick more often, more likely to be truant and twice as likely to drop out before graduation. Then they are far more likely to be unemployed — perhaps unemployable — and to procreate another generation like themselves.

remains to be seen whether that concern will inform decision-making in this age of budget-cutting.

A television documentary by Mr. Moyers has brought to life the painful reality of which New York's Senator Moynihan wrote in his newly published book, "Family and Nation." A growing portion of America's young people — a large majority of blacks and more than a third of the whites will spend a substantial portion of their first 18 years in a "family" with no man as its head.

What lies ahead for the growing number of one-parent children is indicated by a 1980 Kettering Foundation study cited by Mr. Moynihan. They are poor students: 40 percent

Such a policy would consistently shape every area of government — taxes, Social Security, welfare, housing, anti-crime and anti-drug measures — to strengthen incentives and supports for two-parent families. It

Let's deal with the problem." The Washington Post

FROM OUR JAN. 28 PAGES, 75 AND 50 YEARS AGO

1911: British Force May Pick Cairo LONDON — Some important developments, the "Pall Mall Gazette" says, are contemplated in the character of the British occupation of Egypt, tending to the increase in importance of Cairo as a military center for the Mediterranean and the British possessions and protectorates contiguous thereto.

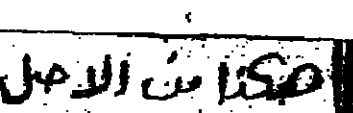
1936: War Veterans Obtain Bonus WASHINGTON — Following the lead of the House of Representatives, the Senate [Jan. 27] overrode President Roosevelt's veto of the \$2,237,000,000 "baby bonus" bill by the vote of 76 to 19, thus ending the stubborn 17-year fight for payment of the World War veterans' bonus. As soon as the Senate's action was completed the measure became law.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1978-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen LEE W. HUBNER, Publisher RENE BONDY, Executive Editor ALAIN LECOUR, Editor RICHARD H. MORGAN, Deputy Editor STEPHAN W. CONARAY, Deputy Editor FRANCIS DESMAISON, Deputy Editor ROLF D. KRANEPHUL, Director of Circulation

Christians in Lebanon The editorial "Syria's Plan Has Merit" (Jan. 23) contains many inaccuracies and simplifications. "Nine previous peace plans"? It would be more accurate to speak of dozens of cease-fires.

Letters intended for publication should be addressed "Letters to the Editor" and must contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Bad Taste, Own Medicine In response to "The Russian Reviewers Have a Point" (Jan. 14): David Rennie's opinion column tells us that the Russians are offended by anti-Communist American movies. Yevgeny Yevtushenko should stick to his rhymes. Listen to Radio Moscow and you will laugh at their complaint about harsh treatment.



New Protests Reported In Haiti as Duvalier Makes Shifts in Military

Compiled by Our Staff From Dispatches

PORT AU PRINCE, Haiti — President Jean-Claude Duvalier has made major changes in Haiti's military leadership, including the disbanding of the political police and the replacement of several of his top commanders, according to a government communiqué.

Meanwhile, new protests broke out Sunday in Cap-Haitien, the country's second largest city, where students shouting anti-Duvalier slogans clashed with police and soldiers for several hours.

The political crisis, the worst since Mr. Duvalier took power in 1971, began on Nov. 28 when the army opened fire on student demonstrations in the west coast city of Gonaïves, killing four persons.

Further demonstrations against the government followed, and on Jan. 8, the government closed schools and universities after a student boycott.

The military reorganization, announced by radio, includes the replacement of the commanders of the navy, air force, the presidential guard and the Leopards, the army's counterinsurgency force.

Colonel Cecilio Dorce was named to replace Colonel Willy Guillard as commander of the air force, Colonel Jean-Claude Lauranceau replaced Colonel Arnaud Bourcard as commander of the navy and coast guard, Colonel Fritz Romelus replaced Colonel Raymond Paul as commander of the Leopards, and Colonel Jean-Claude Dorce was named commander of the presidential guard, known as the Dessalines Barracks. He replaced an officer identified only as Colonel Nicolas.

Mr. Duvalier also announced the resignation of 11 high-ranking army officers and recalled to active duty four officers who were retired in 1983 by Roger Lafontant, then minister of the interior and armed forces, who has fallen into disfavor and has been sent into exile in Canada.



Sharon Christa McAuliffe and Ellison Onizuka boarded the Challenger space shuttle Monday but the flight was delayed by technical problems and high crosswinds.

High Wind, Balky Bolt Delay Shuttle 3rd Time in 3 Days

(Continued from Page 1)

The technicians were unable to remove the hatch handle because of the stuck bolt. They called for a drill, but it would not work because its battery was dead. Ten minutes later, a backsway and a second drill with a spare battery pack arrived, but the bolt chewed up the drill bit. The handle was removed with the backsway.

Because of the delay, the ship's guidance platform had to be realigned, an hourlong task, delaying the projected launch time past noon. Meanwhile, the winds became too strong.

The launch is to be the first from a second shuttle launch pad here, giving NASA greater flexibility in a year in which it has scheduled a record 15 flights.

Among the crew of seven is Sharon Christa McAuliffe, 37, a New Hampshire schoolteacher. She is to be the first U.S. citizen in space who is not from the military or was chosen because of a technical or scientific background.

During six days in space the astronauts are to release and later retrieve a satellite to study Halley's comet.

A Ballot Beats the Mob in Italian Village

By E.J. Dionne Jr.
New York Times Service

QUINDICI, Italy — For this village in southern Italy, it was as if the posse had galloped in on horseback to clean up the town.

But in Quindici, the posse was made up of local people who had decided to take over the town council. Their leader is a 55-year-old pharmacist, Olga Santaniello, who dresses in black, stands less than 5 feet (152 centimeters) tall and scoffs at the idea that taking on mobsters required great courage. "It was just a local election," she said.

But it was to cheer from around the country that her coalition won this month's election, 834 votes to 667. Winning meant taking back a government that had been run for 25 years by friends of the Camorra, the organized-crime gang based in nearby Naples.

The voting in this village of 3,200 was extraordinary in other ways, too. For the Santaniello slate of 20 candidates brought together Christian Democrats and Communists — that is almost never done — plus Socialists and Republicans.

The Communists usually charge that the Christian Democrats have too many ties to the Camorra. The Christian Democrats usually rail against the Communists for being, well, Communists. This time, they fought side by side.

What brought them together was the legacy of the Graziano clan, which ran this town from 1960 until a few years ago when Sandro Pertini, then president of Italy, unseated one mayor after another for their ties to organized crime. The last Graziano to take over in the family tradition, Carmine, was only 21 when he held office and was known as the "baby" mayor.

The first Graziano, Fiore, took power in 1960 by assembling a coalition of poor and disaffected farmers and workers against the power of Rome's politicians and their parties.

Quindici, in the heart of Italy's hazelnut-producing region, provided fertile ground for an appeal to the downtrodden. For decades, the region's poverty has pushed immigrants to look for work abroad. The



Olga Santaniello

new mayor estimated that 700 of the city's citizens work outside the country, most in West Germany. Before, these immigrants flocked to the northeastern United States.

According to Enrico Fierro, a regional Communist leader and a student of Quindici's history, Fiore Graziano was mainly involved in petty crime. But he held power as a traditional "man of respect" who delivered local favors, and votes in national elections to the anti-Communist Christian Democrats. Fiore Graziano, in a settling of scores, was shot and killed at a soccer stadium in the early 1970s. It was said that if he had been on the ballot last week, he would have won again.

Pasquale Raffaele Graziano took over from his brother, and in the gang war that divided the Camorra, he sided with the "modernizing" faction led by Raffaele Cutolo. Mr. Cutolo led a revolt against the traditional Camorra families, building a wealthy and powerful organization of his own.

For Quindici, there was good and bad in this. The good was that after the Naples-area earthquake in 1982, large sums of money came to the town even though it had been far less damaged than other areas.

But one reason the money came, officials said, was to provide funds for the Cutolo wing of the Camorra, including the Graziano clan. Beyond that, Quindici's location

in the Lauro Valley, 35 miles (56 kilometers) from Naples, made it nearly perfect for criminals fleeing the law. Mr. Graziano was only too happy to provide friends with hideaways in the rugged mountains.

But the split in the Camorra took its toll on Mr. Graziano. In siding with Mr. Cutolo, he broke with traditional Camorra leaders, who at one point tried to kill him.

In the meantime, the judiciary was moving against the Cutolo group, and an arrest warrant was issued for Pasquale Raffaele Graziano in 1983. He fled, and was arrested last year in Geneva. He was convicted this year.

But in Quindici, the Graziano line continued. After Pasquale Raffaele came Eugenio Graziano. He, too, was arrested and thrown out of office by President Pertini. Carmine took over briefly, only to be cast aside by the president, who retired last summer.

It was against this background that the Graziano's enemies formed their slate. For a symbol, they chose the scales of justice, with their ticket known as La Bilancia. Their opponents abandoned the Graziano emblem, a tower, and ran instead under the name Free Democratic Union. As their symbol, they chose a dove bearing an olive branch, La Colomba.

For the Colomba people, the election had nothing whatsoever to do with the Camorra. "There is no Camorra here," Evelina Santaniello insisted. For her, as for other Colomba supporters, the real issue was that the other slate included the Communists. "They are all Communists or Communist sympathizers," she said.

So strongly did she feel that she voted against her husband, Salvatore Santaniello, who ran on the Bilancia slate.

If the name Santaniello seems to pop up a lot, that is the way things are in Quindici: a few names, many members of a family.

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EC Agrees To Measures On Terrorism

(Continued from Page 1)

nor can they expect to have normal relations" with the community, it made no mention of the U.S. call for economic sanctions against Libya.

EC sources said that Greece, Italy, France and Spain had opposed efforts by Britain and others during the meeting to name Libya as a country supporting terrorism.

Giulio Andreotti, Italy's foreign minister, said after the meeting that his country was not opposed in principle to naming Libya, but that it was well known what country the EC declaration was referring to because of the U.S. campaign against Colonel Qadhafi.

The foreign ministers also agreed "to do everything within their power" to prevent businesses of their countries from undercutting measures taken by other countries "in reaction to terrorist attacks."

This action apparently was taken in response to a U.S. request that European nations not take advantage of the gap in Libyan trade left by the U.S. boycott.

The foreign ministers also said they would step up efforts to improve security at airports, railway stations and ports, to combat abuses of diplomatic immunity and to tighten policies on visas.

U.S. Jets Slight Libya's

A 21-ship U.S. armada off Libya encountered choppy weather Monday in the hazy Mediterranean but warplanes from two aircraft carriers continued flying and came within sight of Libyan jet fighters, United Press International reported. U.S. officials as saying in Washington.

No confrontations were reported between the U.S. Navy jets and the Soviet-built MIG-23 and MIG-25 interceptors, the officials said.

The skins of the U.S. 6th Fleet, which included the conventionally powered aircraft carriers Coral Sea and Saratoga, and planes from both carriers, operated within and just outside the Tripoli Flight Information Region, but stayed away from the Libyan-claimed Gulf of Sidra, the officials said.

Maneuvers by the 14 warships, seven auxiliary vessels and numerous jet and turbo-prop aircraft began Friday in what the United States called a demonstration of "resolve to continue operations in international airspace" despite threats of retaliation by Colonel Qadhafi.

The Libyan leaders sailed into the gulf Saturday in a patrol boat to what he called the "line of death," but reportedly returned within several hours.

For Voyager-2, a 'Bizarre' Find Near Uranus

(Continued from Page 1)

Miranda is the only one of the 15 moons of Uranus that is not spherical. Dr. Soderblom said the moon is a "mishapen" sphere, bulging outward on one side and flattened on another.

He said one possible explanation is that Miranda had or still has a hot interior that could raise mountains, dig valleys, open cracks in the surface and move material out of its interior. Another explanation is that tidal forces are triggered by its proximity to Uranus, the third-largest planet in the solar system.

"The trouble with an internal heat source is that Miranda is too far from the sun to have one and too small to keep one," he said.

"The trouble with the tidal-force explanation is that we have nothing else anywhere in the solar system to compare it to."

Dr. Soderblom said he thinks that any explanation of Miranda is tied to suspicions of a prehistoric collision that left Uranus tilted on its side. Uranus is the only planet in the solar system except Pluto that orbits with one of its poles facing the sun.

"We know something cataclysmic happened to Uranus early in its formation that pumped up the heat in its environment," he said.

"There's no question that as we move closer and closer to Uranus, we see an increasing ferocity in the way its moons have been worked over."

The pictures revealed features less than a mile across. One reason for the sharp pictures was that the spacecraft passed only about 18,000 miles from Miranda. But engineers also devised a way of holding the spacecraft still so that its cameras could take exposures for as long as 16 seconds.

Dr. Soderblom said many questions remained: "Was it part of a larger object? Was it exploded into fragments many times? We're kicking around embryonic notions about this. Give us at least 24 hours, and we'll try to come up with some answers."

Drop in Oil Prices Is Hurting Nigeria Politicking, Marcos Style

(Continued from Page 1)

The banks really don't have any choice," said Dick Arsenault, who represents American Express Bank as deputy managing director of NAL Merchants Bank, Nigeria's largest commercial bank. "You keep your fingers crossed, hoping for the best deal you can get."

Bankers say they are willing to reschedule because General Babangida, in his budget speech, did much more than declare Nigeria's sovereign right to determine where its money would go. He also mapped out a package of changes that, if implemented, would force a radical, painful overhaul of the economy.

The budget calls for a 50-percent across-the-board cut in funding for government-owned industries. It also calls for government divestiture of farms, hotels, breweries and all nonstrategic industries.

It eliminates nearly \$1 billion of consumer subsidies on gasoline and diesel fuel. The budget proposes the creation of a kind of legalized black market for trading Nigerian currency. If it is set up, it would force devaluation of the naira, which now sells on the illegal black market for about one-quarter its official value, which is about at parity with the U.S. dollar.

The entire budget overhaul appears very much as if it were designed by the IMF, the Western-funded lending agency that for two years offered Nigeria \$2.5 billion in loans in return for economic changes.

General Babangida rejected the IMF's billion-dollar bail-out late last year. The general rejected the IMF's money after calling for a national debate on whether Nigeria should accept it.

General Babangida, therefore, has been left to administer the bitter IMF medicine without either the sweetener of the IMF money or the IMF's stamp of approval that usually is a prerequisite for banks to reschedule their loans.

Thatcher Defends Her Role In Dispute Over Westland

(Continued from Page 1)

was being sought and what was being given."

Mrs. Thatcher said in Commons on Thursday that she was not consulted about the disclosure; she previously refused to say when she first knew about it.

She said Monday she had learned of it "some hours" after it happened and got the "general background" the following day, then ordered an inquiry. She said she remained in ignorance of Mr. Brittan's role until the inquiry report Jan. 22.

Her speech provoked opposition accusations that it was not credible that for 18 days, with the Westland issue evolving into the most serious challenge to her government, Mrs. Thatcher had remained unaware of what had happened.

Mr. Heseltine resigned three days after the Mayhew letter was leaked, accusing Mrs. Thatcher and Mr. Brittan of trying to discredit him in his bid to push a European

Thatcher Defends Her Role In Dispute Over Westland

salvage package for Westland, as opposed to a plan by United Technologies Corp. of the United States and Fiat SpA.

Mr. Brittan resigned on Friday, acknowledging he had lost the confidence of his Cabinet colleagues.

Less than an hour before the debate opened, her office released the text of a letter from Mr. Mayhew to Mr. Heseltine, dated Jan. 7 and with copy directed to Mrs. Thatcher, complaining that the leak "flagrantly violated" rules of confidentiality.

Opening the debate, Neil Kinnock, the Labor Party leader, declared, "The prime minister is on trial."

"This was turned from an issue into a crisis by the dishonesty of people in this administration," he said.

"Who could accept that in all of that time the prime minister never even asked her associates to venture even a guess about the identity of those involved in the leak?"

Dailies Roll As Murdoch Defies Unions

United Press International

LONDON — Rupert Murdoch defied striking print workers Monday and printed The Times and The Sun newspapers at two computerized plants in London and Scotland.

Despite the successful press run, delivery problems forced hundreds of thousands of commuters to turn to Britain's seven other national dailies.

The switch to the modern plants at Wapping, about 3 miles (5 kilometers) from the old plant in the Fleet Street area, and Glasgow sparked the strike Friday night by 6,000 production workers. Mr. Murdoch dismissed the workers.

The two newspapers are owned by Mr. Murdoch's News International, the largest newspaper group in Britain.

The Times, Mr. Murdoch's flagship, and the mass circulation Sun were not published Saturday, but News International used the plants to print its two Sunday newspapers — The Sunday Times and the News of the World.

The reappearance of The Times came after journalists at the newspaper rejected their union's advice and voted on Sunday night by a 2-1 margin to work at the Wapping plant, which had remained unused for six years because of labor disputes.

Journalists at The Sun agreed earlier to work at the plant after accepting an extra 2,000 pounds (\$2,789) per year and a medical insurance plan.

The Sun, Britain's best-selling daily, has a circulation of about 4.5 million. The 200-year-old Times has a circulation of about 425,000.

It was not immediately known how many copies of each were printed on Monday.

The Wapping presses are being run by the electricians union. The plant is described as "strike proof" because it is protected by barbed wire, spiked gates, high walls and the police.

The strike was called Friday by two print unions, the National Graphical Association and the Society of Graphical and Allied Trades. The two have a combined membership of about 6,000 at the old plants; about 500 workers run the presses at the new plants.

Nixon Hospitalized With Flu

United Press International

MIAMI BEACH — Richard M. Nixon, 73, was admitted Monday to the Miami Heart Institute with influenza, his spokesman said. The former president was listed in satisfactory condition.

"Danger! We're facing danger," he told the voters.

But the audiences seemed more attentive to the Marcos endorsement by Mora Aunor, the do-eyed superstar of Filipino movies.

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ARTS / LEISURE

Designers Feature Opulence, Ruffles

By Hebe Dorsey International Herald Tribune PARIS — Comme has never been more grand, and the feeling of opulence more absolute. Embroidered evening gowns are back as well as romantic ruffled gowns. The peplum suit and the draped dress, both courtesy of Giorgio

softer shoulders and clothes grazing the figure. The peplum suit, with belted waist, was a star item, and turned up in gray, navy or black and white blanket plaid. Neatly cropped necklines made this look as clean as a whistle.

The evening was a blend of romantic and witty, the latter a nice touch, for these collections can be over-serious. Stately, crepe columns were for big women, such as Claude Pompidou, wife of the late French president and a faithful customer.

Navy was a star color, and out of a set of brilliant hues, blue stood out, especially a bright, sapphire blue. Accessories were fun, especially the bizarre, medieval stove-pipe hats and sleek flying saucers in all colors.

At Scherrer's, the evening story moved on fast after luxurious white coats over delicate, white crepe blouses, all tucked or pleated by hand. A long-jacketed suit was the main daytime feature, and Scherrer gave it a de luxe edge by showing ivory silk over pale lace blouses.

Scherrer, who loves flowers, built his collection on such colors as hyacinth and magnolia pinks, cyclamen purple or morning-glory blue. He stacked flowers on top of his bride's halo hat, and many dresses featured all the splendor of a garden in bloom.

Scherrer has just acquired a premiere, or head seamstress, who specializes in soft fabrics. The result is a series of draped chiffon dresses, including some stunning ankle-length versions, hips held in X-draping. A navy chiffon dress, with draping going in three different directions, was a knockout. Straps and low-waisted, some were punctuated in back with huge pussy-cat



Evening ruffles by Jean-Louis Scherrer (left) and Pierre Cardin.

bows. After many years of being the new kid on the block, Scherrer is emerging as a major force on the couture scene. His evening gowns,

with long embroidered torsos over iridescent chiffon skirts, were the most luxurious in town.

Dior's new management, includ-

ing its president, Bernard Arnault, were out in force for Marc Bohan's collection, which always has impeccable social credentials.

Bohan wavered between a short, and curvy silhouette and a long, stately one. Suits had little carved jackets over slim and very short skirts, but the long-jacketed suits, with seven-eighth-length coats over a sliver of skirts, looked better.

To appeal to young customers, Bohan, whose collection had an overall "jeune fille" ring, showed pants-suits and long silk dresses under long duster coats.

Hanae Mori had strains of Madame Butterfly at the end of her show — a reminder that she made the costumes for La Scala's recent production. Her no-nonsense collection stayed close to draped dresses and quiet suits, with an accent on evening gowns elaborately embroidered in a peacock motif.

Jazz Singer Nancy Harrow: Some Tips On Making People Sit Up and Listen

By Michael Zwerin International Herald Tribune

PARIS — "I'm a jazz singer" is often a boast, followed by an over-the-top and gratuitous pyrotechnics. The stance is based on paranoia: "Rock stars can't do half what I can and they get rich." Although William Burroughs has said "a paranoid is somebody with some idea of what is actually going on," a simple rock song sung simply can be more difficult than it appears.

"I love Bob Marley because he's theatrical and he touches me," said Nancy Harrow. "I love the way actors sing, even the ones with bad voices. They know how to tell a story. And the jazz singers I've been drawn to are the ones who tell stories, like Billie Holiday."

Last week Harrow passed through Paris on her way to Cologne to sing nine songs, including the standard "Mean to Me" and Marley's "Is This Love," with the Westdeutscher Rundfunk (WDR) big band. How does a petite mother of two, not a household name, get such a prestigious engagement? "I met the producer Heiner Müller-Adolph through my friend Bob Brookmeyer, who writes for the orchestra. We all had dinner, Heiner listened to my latest album and said: 'How would you like to come over and sing with the band?'"

Sounds easy. All it takes is to be good enough. Actually it is not all. Plenty of nerve and who you know complete the picture. Plus living in New York, where most of such action is and where she moved after graduating from Bemington Col-



"Jazz singers I've been drawn to tell stories."

lege. The critic/writer/producer Nat Hentoff was impressed and asked her to record for his new Candid label. Her first album, "Wild Women Don't Have the Blues" featured Buck Clayton, Dickie Wells, Buddy Tate, Oliver Jackson and Burrell. It was also the first Candid release and so received special attention.

The following season, visiting Paris, she sat in with Kenny Clarke at the Blue Note. Clarke took her to the tiny Mars Club, where she sat in once more and where John Lewis, leader of the Modern Jazz Quartet and record producer, was impressed by how she could project without a microphone. He produced her second album on Atlantic, with Jim Hall on guitar.

Back in New York in 1965, she had two children and was director of American Journal, a literary magazine. No more late night sitting in. She found herself standing next to Charles Mingus, who had just published his autobiography, at a Norman Mailer party. "You look familiar," Mingus said to her. "I used to be a singer," she replied. And Mingus said: "I used to be a bass player."

But music is not so easily kicked. In 1975, the children growing up, she walked into the Cookery in the Village and "talked over Barney Josephson into hiring me. I felt just terrified. He said okay. Richard Wyands was on piano and Richard Davis, bass. I was working but not really performing, if you know what I mean."

A year later, we find her sitting in again, at the Five-Spot Cafe on

the Bowery. The critic/writer/producer Nat Hentoff was impressed and asked her to record for his new Candid label. Her first album, "Wild Women Don't Have the Blues" featured Buck Clayton, Dickie Wells, Buddy Tate, Oliver Jackson and Burrell. It was also the first Candid release and so received special attention.

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Handwritten Arabic text: 'سكرا من الامل' (Smile from hope)

TRAVEL IN ECUADOR

A SPECIAL REPORT

TUESDAY, JANUARY 28, 1986

Page 7

row: Some Tips Up and Listen



A Country Of Varied Faces, Cultures

By William T. Vickers

QUITO — Ecuador is one of the smaller nations of the Americas, yet it is one of the more interesting and rewarding to visit because it epitomizes many of the traits and processes that are characteristic of the Spanish "New World."

Everything from colonial-style haciendas and tropical plantations, cathedrals, gold mines, Indians, coasts, mountains, jungle frontiers and exotic flora and fauna are to be found here. In short, Ecuador offers an amalgam of geographical and cultural phenomena to the visitor.

But while this means many possibilities for the adventurous, it can create difficulties for those who expect to be pampered and are too inhibited to reach out to explore their surroundings.

The country's three principal regions are the Sierra, the Coast and the Oriente, the tropical lowlands of the Ecuadorian Amazon. Since Ecuador is located in the northwestern corner of South America, the Coast refers to the Pacific littoral and generally everything to the west of the Andes mountains. The Sierra is, of course, the Andes along with their associated intermountain basins. The hot and humid Oriente lies to the east of these monumental peaks and highlands. The great environmental differences that separate these regions have been the primary determinants of Ecuador's cultural mix.

The Ecuadorian Andes is one of the better places in the New World to experience the atmosphere of the Spain's former colonial empire. Despite the modernizing influences of the 20th century, much of the art, architecture and social fabric of the colonial era endure in Quito, the capital city, and in the provincial towns, such as Ibarra, Latacunga, Ambato, Riobamba, and Cuenca.

In these urban settings, one still finds entire districts that are composed of colonial cathedrals, mu-

The author is an associate professor of anthropology at Florida International University



Larry Dale Gordon/The Image Bank

Amazonian Indians in Oriente Province, Ecuador's wild frontier behind the walls of the Andes.

houses along narrow cobblestone streets. Here, highland Indians in distinctive dress can be seen plodding through the streets with immense bundles for the market, as conservatively dressed businessmen congregate in coffee shops to discuss politics and make deals.

These towns and cities are regional commercial centers that dominate the hinterland of haciendas, peasants and Indian communities.

The key social institution of the rural sector is the family-owned estate, or hacienda. Typically, these are large land holdings that provide the material foundation for the social elite of the Sierra. Despite various government attempts at agrarian reform in the past 25 years, the hacienda survives in highland Ecuador and is particularly dominant in such provinces as Cotacachi and Chimborazo.

A typical hacienda consists of a rather rustic "big house" for the owners, associated support buildings for administration and storage, barns and corrals, and, finally, the outlying fields and pastures. A resident peasant community, (Continued on Page 9)

Galápagos: For Naturalists, A Mecca and a Challenge

By William A. Orme Jr.

PUERTO AYORA, Galápagos Islands — He is two feet tall, weighs 300 pounds and is perhaps a century or two old. They call him "Lonesome George," and he is literally the last of his kind. His gait is deliberate and his glare baleful, but he seems disdainfully unaware that he is a living symbol, unique among the giant tortoises that gave this archipelago its name.

But as the sole survivor of a subspecies that once roamed the lava hills of its native Santa Cruz Island, George epitomizes the vulnerability of the fragile, peculiar ecosystem of the Galápagos Islands. There will never be another *Geochelone elephantopus* quite like him.

Before whaling ships began stopping here to look for food two centuries ago, biologists estimate that more than 100,000 of these massive reptiles foraged freely on the islands. Today, fewer than 15,000 giant tortoises remain, most of them either in their protected sanctuary here on Santa Cruz Island or in the remote volcanic craters of Isabela, the largest of the 13 major islands of the Galápagos chain.

Human intrusion continues to be a problem in the archipelago. Clustered in three main settlements, there are now 8,000 full-time Galápagos residents, nearly double the islands' population a decade ago.

They are part-time farmers who brought domesticated animals that escaped and went wild; the feral goats, burros and cattle devoured and trampled delicate island vegetation, destroying the habitat of endemic birds and reptiles. More than 20,000 goats were killed in an eradication effort on one island alone.

In a less dramatic invasion, but potentially as serious, more than a hundred foreign plants have taken root in the Galápagos in the past century.

"It is still too early to tell which will be the most damaging," said Gunter Reck, the director of the internationally financed Charles Darwin Research Station here. Already, he noted, the new plant and animal species have proved far more harmful than the past depredations of tortoise-hunting sailors.

The most spectacular recent evidence of man's harmful impact occurred last year, when farmers left a campfire unattended in the high Isabela savannah. The resulting blaze raged unchecked for six weeks, ravaging 300 square miles (776 square kilometers) of ferns, brush and grasslands.

"The fire kept burning until the rain finally put it out," said Miguel Cifuentes, the director for the past 12 years of the Galápagos National Park. "Part of a unique forest was destroyed."

It is feared that tourists, attracted in growing numbers to this naturalists' mecca, may eventually have an even more severe impact on wildlife.

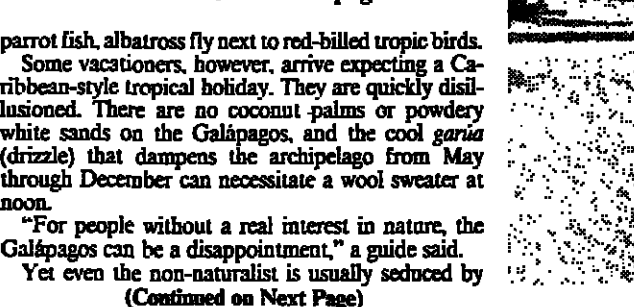
The typical foreign visitor is still an affluent, avid birdwatcher nearing retirement age who is more interested in spotting a green lava heron than in lying in the sun.

"They are ideal," a tour guide commented. "They obey the rules, they love wildlife and they spend the money to travel in comfort." But other tourists are coming to snorkel in the turquoise waters with a brood of inquisitive sea lions or climb cinder cones for a glimpse of an intact tortoise colony. The untouched volcanic landscape is itself a prime attraction as is the strange mix of the tropical and the polar: Penguins stand vigil near mangrove swamps, sea lions chase brilliantly colored

A rocky bay in the Galápagos, top right. One of the giant tortoises, below, which gave the archipelago its name. Fewer than 15,000 of them remain today. The mountains and bays of the islands, center, right.



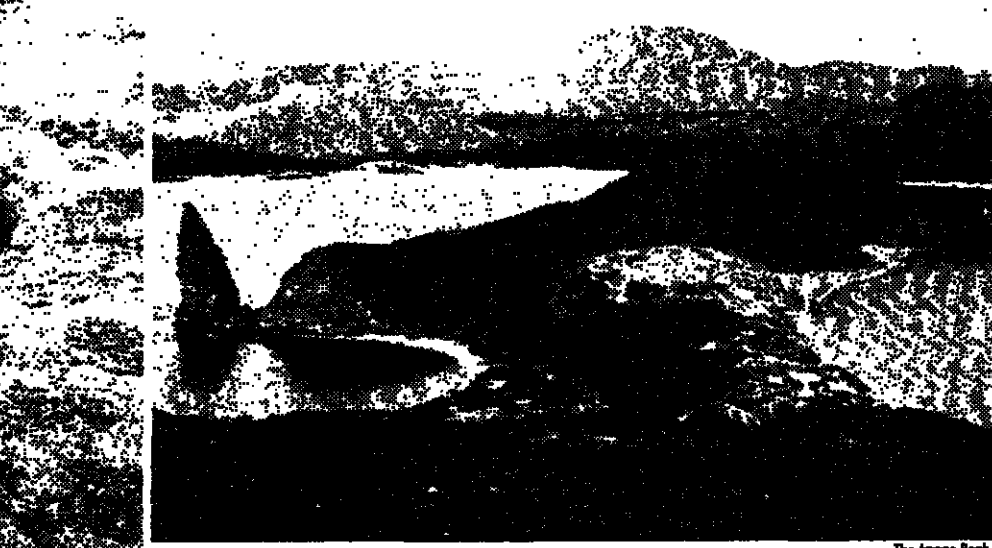
Puerto Ayora, right, the principal town of the Galápagos Islands.



parrot fish, albatross fly next to red-billed tropic birds. Some vacationers, however, arrive expecting a Caribbean-style tropical holiday. They are quickly disillusioned. There are no coconut palms or powdery white sands on the Galápagos, and the cool garúa (drizzle) that dampens the archipelago from May through December can necessitate a wool sweater at noon. "For people without a real interest in nature, the Galápagos can be a disappointment," a guide said. Yet even the non-naturalist is usually seduced by (Continued on Next Page)



The New York Times



The Image Bank



The New York Times

Discover the Highlands By Train to Riobamba

By Alberta Eiseman

QUITO — Guidebooks that claim to be up-to-date still entice the traveler bound for South America with tales of the spectacular train trip between Quito and Guayaquil. For decades, this 288-mile (466-kilometer), roller-coaster ride, spanning coastal plains and mountain passes, has been considered one of the world's greatest railroad journeys and the highlight of a visit to Ecuador.

It abruptly ended in the spring of 1983, when the Guayaquil and Quito line, which was completed in 1902, was severed by floods. However, a travel agency, Metropolitan Touring, purchased one of the vintage railroad cars, refurbished it, installed a bathroom and galley and attached it to a twice-weekly train that shuttles along the Andean plateau. Thus, at least part of the trip, the highland stretch that covers the 130 miles between the capital city and Riobamba, can still be enjoyed.

On a sunny spring morning, a group of passengers, eager to start the two-day trip along the Avenida de los Volcanes, boarded the little red train at Chimbacalle station in Quito.

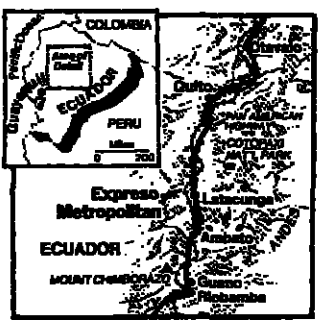
They would visit markets and small towns with jilting names like Ambato and Latacunga, stay overnight in the provincial capital of Riobamba and return by bus along the Pan American Highway.

Once past the industrial section south of Quito, the vista opened up to reveal gentle hills of emerald green. Fields of corn, onions and potatoes climbed even the steepest slopes. Cattle grazed near small, white-washed farm houses with tiled roofs; women did their washing in a ditch next to the track.

Behind the hills, swiftly moving clouds revealed an occasional rocky peak, then quickly enveloped it.

Half an hour out of Quito the train suddenly stopped. The steward and the guide reported that the flatcar had undergone a minor derailment, due to tracks damaged by heavy rains. Several hours later, repairmen fixed the road bend and then put the wheels back onto the track.

As they waited for the repairs to finish, passengers played cards, walked along the track or watched from the train's tiny rear-view plat-



The mountain route of the small train from Quito to Riobamba.

form as a farmer patiently hoed his hillside field. Children played hide-and-seek between seats.

Names were exchanged and several Quitoites, with that genuine interest and courtesy that makes traveling in Ecuador such a pleasure, mingled with the English-speaking travelers.

The train started up, then stopped again as the wheels were checked. All was in place.

The tour's bilingual guide, Josie, discussed the scenery as the train moved along. The distant ranges were concealed by rain, but the immediate landscape was an ever-changing mosaic of fields edged by rows of silvery eucalyptus, towns where people stopped to wave as the train passed, hills dotted with beehives and grazing sheep.

The train climbed to 11,638 feet at Cotopaxi National Park, a recreation area for hiking and picnicking. The view of Cotopaxi, which at 19,360 feet is the world's highest active volcano, should have been spectacular but was blocked by shifting waves of gray on the horizon.

The train moved through the Páramos, a forbidding landscape of tall pampa grass bent under heavy wind and rain, and then descended into the valley of Latacunga, a town of about 23,000 people that is renowned for its weekly market.

Several hours behind schedule, but fortified by a snack of crackers and queso de oja, a mild white cheese wrapped in a leaf, the passengers walked through the narrow, crowded passages of the market. The awning-topped stalls featured a variety of plantains and bananas, one of Ecuador's major crops, as well as pyramids of sweet juicy (Continued on Next Page)

Message from the President of Ecuador, Sr. Ing. Leon Febres Cordero



The Ecuadorian Government follows a political course which guarantees a system of competition as provided for by the constitution. In keeping with this line of thought, it invites foreign businessmen to invest in Ecuador, a country of fertile lands, great agroindustrial potential, untapped mineral resources and with fabulous opportunities for tourism.

As Constitutional President of the Republic of Ecuador, it behooves me to protect political freedom and to promote an economic democracy which has its roots in a market economy.

We deal with foreign and domestic investors in the same responsible manner as we deal with our creditors, respecting our legal obligations and allowing for profits within the margins of the law to those who cooperate with our efforts to rebuild the nation.

Our association with the OPIC (Overseas Private Investment Corporation) offers American investors assurance against any political risk that they could incur while in Ecuador, and thus confirms the faith that the Ecuadorian Government has in its country's potential.

Signature of Sr. Ing. Leon Febres Cordero



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U.S. Companies See Investment Opportunities in Ecuador

On September 22 1985, a group of some 20 executives representing United States companies interested in establishing joint ventures with local partners began a week-long visit to Ecuador.

Sponsored by the Overseas Private Investment Corporation (OPIC), the U.S. Government agency responsible for encouraging overseas enterprises, the investment mission was the first such group to visit the country since 1977. OPIC President Craig A. Nalen, who led the mission, believes the visit marked the start of a new era of understanding and cooperation between the business communities of the two nations.

"Formation of the Andean Pact in 1970 had an immediate and negative effect on foreign investors," Mr. Nalen says. "Rightly or wrongly, the perception that member nations would not provide fair and equitable treatment for enterprises involving foreign participation brought new U.S. investment to a virtual standstill. In the past two years, however, OPIC has negotiated new agreements in Ecuador and two other Pact countries and we believe we have turned an important corner."

Under the direction of Bruce N. Hatton, Vice President for Marketing, the OPIC staff began preparations for organizing the investment mission after the signing of a bilateral agreement in Quito in November 1984. With the signing, OPIC's political risk insurance program which protects U.S. investors against currency inconvertibility, expropriation and physical damage resulting from war, revolution, insurrection or civil strife was activated as well as its direct lending, loan guaranties and pre-investment assistance programs.

During the preparatory stage, OPIC officers visited Ecuador to meet with key government officials and members of the business community to identify specific investment opportunities. Once this information was assembled, OPIC contacted U.S. companies whose capabilities matched the requirements

of the various projects and provided them with facts about the mission. In late August, Mr. Hatton finalized arrangements for the mission during a series of conferences with the Ecuadorian officials concerned with foreign investment.

"The mission visited Ecuador at an ideal time because President Leon Febres-Cordero is actively seeking to strengthen the economy by building the private sector," Hatton said.

Mr. Hatton said that more than 50 specific projects seeking U.S. investor participation were identified in advance and that mission participants met directly with potential joint venture partners from the Ecuadorian business community. Among the opportunities identified were projects ranging from a small shrimp larvae hatchery involving U.S. \$100,000 in investment to larger enterprises such as a U.S. \$1 million metal pipe manufacturing factory and a U.S. \$100-million cement plant expansion.



Xavier Neira Menendez, Minister of Industry and Commerce.

"Ecuador has reversed the negative perception that developed in the wake of the Andean Pact," Hatton said, "and the degree of interest in the mission shown by U.S. companies is a good indication that the future will be different."

U.S. companies participating in the mission include: International Finance & Management Group, Inc.; Agricultural Services; Brickland Corporation; Castillo Rio; International Embryo Research, Inc.; International Shrimp Cultures; Lorenzana Foods; Olin Corporation; Pat, Inc.; Starkist; Braswell Shipyards, Inc. and Synetics International.

A SPECIAL REPORT ON ECUADOR

Galápagos Islands: A Mecca for Naturalists

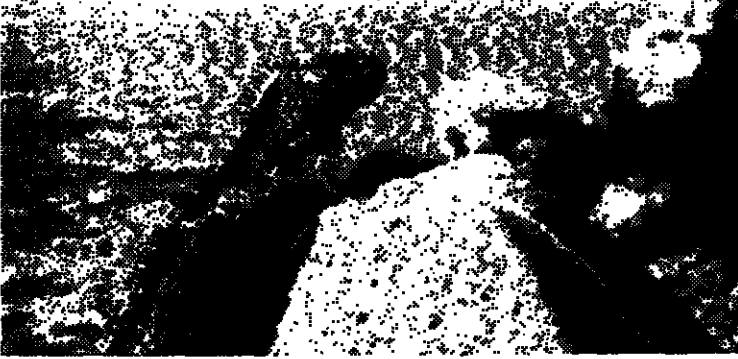
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such sights as blue-footed boobies crashing into the surf, scarlet-backed iguanas slipping underwater to feed on kelp or the Galápagos waved albatross dueling with their great beaks in an intricate mating tango.

Probably the greatest appeal of Galápagos wildlife is that the absence of predators has left it tame. The fauna's famed



William A. Orms Jr.



A blue-footed booby, above, and a Galápagos marine iguana, which can forage underwater for up to 30 minutes.

William A. Orms Jr.

docility "is not only an attraction to visitors, but it is also the factor that makes scientific observation so much easier here," Mr. Reck noted.

Ecuador tries to restrict the number of visitors to 25,000 a year. But in 1985, authorities estimate that the Galápagos received about 24,000 tourists. This year, the government's recommended limit "almost certainly is going to be exceeded," predicted Vicente Proano of the Quito-based Metropolitan Touring, the largest Galápagos tour operator.

Already, he reported, the agency's 90-passenger Santa Cruz, the largest of the two dozen island cruise vessels, is booked through 1987.

No one, however, expects Ecuador to refuse visas to Galápagos-bound foreigners. Most serious students of the islands say the ecological impact of tourism so far has been minimal, though they attribute this to Ecuador's strict regulation policies.

Tourists are required to follow set itineraries in the company of licensed biologist-guides. And almost all spend their nights on boats or in Puerto Ayora hotels. Smoking is forbidden on the islands and tour groups cannot disturb animals or stray from the national park's clearly marked paths.

"I certainly haven't seen any significant damage from tourism," said Mr. Reck, a West German marine biologist who first came to the Galápagos to conduct research 12 years ago.

Mr. Cifuentes, the park director, agreed. "No one has been able to prove that the Galápagos has suffered from tourism.

Of course, the moment you open a trail, you are prepared for some degree of impact," he said. "We oppose the extremist view of conservation that says there shouldn't be any contact with outsiders at all."

The Galápagos probably could safely handle as many as 45,000 visitors yearly, Mr. Cifuentes said, if the park had enough staff to control and monitor them. "The problem," he said, "is that we don't."

He said that the park has 56 rangers, or one for every 32,000 acres (13,000 hectares), adding, "We need at least a hundred more."

Ranger salaries are low and most park employees work not for the wages, Mr. Cifuentes said, but "out of an altruistic commitment to the Galápagos, and we can't rely on that kind of idealism forever."

The park's funds come principally from its entrance fee—\$40 for foreigners. Mr. Cifuentes said that this money goes straight to the central bank, which uses it to subsidize Ecuador's mainland national park system. The entire Galápagos park budget for 1985 was less than \$200,000 although this was supplemented by substantial donations from the governments of Sweden, West Germany and Canada.

Those who argue that the islands are ecologically resilient enough to withstand increased tourism were supported by the aftermath of last year's fire.

The Isabela grasslands are lush and green again, much sooner than expected. Badly scorched ferns have sent out fresh shoots. Most importantly, park biologists report, no animal habitat was permanently damaged.

Yet, both Mr. Cifuentes and Mr. Reck caution that tourist growth must be moderated. "Tourists visit only a tiny fraction of the Galápagos territory, but they go to precisely those areas where wildlife is most concentrated," Mr. Reck pointed out. "This is also exactly where the ecosystem is most vulnerable."

He believes that Ecuador "can and should benefit economically from the Galápagos, and tourism is undoubtedly the easiest way to accomplish that in the short term." But in the long run, he suggested, Ecuador would benefit more if the islands became a kind of open-air museum-cum-laboratory of the natural sciences — "a world model of human interrelationship with a strange and fragile environment."

Spokesmen for the Ecuadorian travel industry agree that the growth of Galápagos tourism should be carefully restrained.

"Tourist development of the islands should be gradual, and its impact must be measured," Mr. Proano said.



Driving sheep in the Andes, where Indians have survived in native communities.

An Andes Train Ride

(Continued From Previous Page)

pineapples and local delicacies such as guinea pig.

The group wandered among the Spanish- or Quechua-speaking merchants and their customers. Until the next downpour, that is. Then they returned to the train, to a meal of steak and vegetables served airily, while Jose regrettably explained that the schedule had called for lunch overlooking a scenic lake.

Until arrival in Riobamba, long after dark, rain alternated with an occasional clearing and the landscape changed seemingly at each curve.

Everyone waved as the train whistled by — a man high on a ladder, picking apples; a group of children running much too close to the track; an old man leading a cow along a cobblestoned street, two girls knee-deep in a field of blue lupin, a single shawl wrapped around them.

The visitors rose early the next morning in hopes of getting a glimpse of Mount Chimborazo, an inactive volcano and Ecuador's highest peak at 20,556 feet.

Its snowy top was just visible through the clouds. The main tourist attraction in Riobamba, a city of almost 70,000 people, is the Museum of Religious Art, which is housed in a rambling, single-story structure.

It was built in the 16th century as the Convent of the Conception and was later donated to the city when there were no longer enough nuns to run it.

The museum contains treasures in gold, silver and gems; exquisite vestments; fine furnishings dating to the Spanish conquest and several paintings of the Escuela Quiteña, or Quito school, the tradition that combines the teachings of European missionaries with the imagination of Ecuadorian natives.

The return leg of the excursion was by bus, while the train made its way back to Quito without passengers.

The first stop was in the little town of Guano, which is known for its rugs.

In one of the spacious stores set around the plaza, the visitors bargained for hand-loomed carpets.

Then they walked a few blocks to the home work-

shop of one of the weavers, who demonstrated how to work the hand-made wooden looms.

Lunch was a bountiful buffet at the hotel in Ambato, a modern city of 80,000 people that was rebuilt after an earthquake in 1949.

The hotel dining room was filled with families who had come from Quito for a leisurely Sunday lunch. Ambato, known for its rich produce and Monday market, is a popular destination.

On the final leg of the trip, the weather, which had allowed at least a partial view of the mountains, started to close in and it was difficult to see the volcanoes.

Sunlight streaming through a break in the clouds made a small patch of hillside glow like emerald. A rainbow illuminated a luxuriant valley; browsing cows and a sprawling colonial-style structure proclaimed an extensive dairy operation. Then more rain, and we passed a cluster of people in light clothing sheltered in the doorway of a Baroque church. The bus slowed down. A man was lying in the middle of the highway; a woman in a poncho and felt hat stood nearby, on the side of the road. Was he ill? No, just drunk, Jose said after inquiring. It happens, shortly after payday, she explained.

Approaching Quito, all traffic stopped for police control. Meanwhile, some men and women set up makeshift stalls where they sold baskets and local produce.

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Tips on Travel in a Land of Extremes

By Alberta Eiseman

QUITO—Ecuador is one of the smallest countries in South America, but within it are found extraordinary contrasts in topography and climate. Ecuador is the high plateau country around Quito, with its snow-covered mountains; the Oriente, the vast jungle area east of the Andes; the long and varied Pacific coast and, of course, the Galápagos Islands, which were made famous by the English naturalist, Charles Darwin.

With such a variety of landscapes, tips for the traveler may fall short of the mark, but here are a few suggestions:

• Visitors concerned about high altitude might consult a physician before their trip. Quito is at 9,375 feet (2,856 meters). At such an altitude even the hardiest should consider taking it easy

the first day or two, easing lightly and avoiding alcoholic beverages.

• Brochures call Quito the "city of eternal spring." Although it seldom gets very hot, or very cold, mornings and evenings are chilly and a wool sweater or jacket is usually necessary.

• Since it frequently rains, a raincoat will also come in handy, although Quiteños seem to prefer umbrellas.

• Friends who spent a few days in the Oriente regretted that they had not taken boots and ponchos. The equipment provided by their travel agency did not fit properly.

• On the Pacific coast, only light, summer clothes are needed, although in air-conditioned rooms a sweater is not amiss.

• Touring the Galápagos Islands by ship, as most visitors do, does not require any formal dress; slacks or a skirt and blouse are fine at dinner.

• During the day, while clambering on rocks or narrow

paths, shorts are more comfortable, unless the protection of long pants and long-sleeved shirts is preferred.

The Ecuadorian sun is wonderful, but fierce and a strong sun lotion is recommended. Other essentials are sunglasses and a hat. A lightweight backpack or bag carried across the chest, thus leaving the hands free for the sometimes difficult landings by small boat, is also a good idea. Sneakers or sturdy walking shoes are a necessity; they often get wet, so two pairs is not a bad idea.

The ship's dining room and bar were air-conditioned, so a sweater was also handy.

• In purchasing Ecuadorian handicrafts, it is often wise to buy on the spot since the item may not be available in another town or market. The country's specialties include shawls, rugs, bags, sweaters, shirts, hats of felt or straw (the Panama hat in fact comes from Ecuador), ceramics, leather goods and bread-dough figurines.

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Summary of Economic Aspects of Service Contracts for Exploration and Exploitation of Hydrocarbons in the Republic of Ecuador and of Bidding Regulations for the Third Round of Contracts in the Ecuadorian Amazon Region

In August 1982 the National Congress of the Republic of Ecuador, approved certain legal and tax provisions governing new service contracts for exploration and exploitation of hydrocarbons.

Since that time, two rounds of bids have taken place, the results of which are seven service contracts and the arrival in the country of eleven oil companies of recognized standing, among which there are four companies that are considered the largest in the world: Exxon, British Petroleum, Shell Oil (Pecten), Texaco, Occidental, Continental Oil, Diamond Shamrock, Belco, Hispanoil, Nameco, and Opic.

The philosophy behind the Ecuadorian service contract for exploration and exploitation of hydrocarbons, which includes four years of exploration and twenty years for exploitation operations, is based upon the following major aspects:

— The exploration

investment is an investment whose risk is exclusively borne by the oil companies. Only if such exploratory efforts result in commercial discoveries of hydrocarbon reservoirs the contractors are entitled to the reimbursement of such investments and a service fee payment.

— The economy of the contract for the contractor is the result of a competitive process originated by an open system of an international call for bids which precedes contract execution. The method for evaluating the tenders submitted by the companies, which is known in advance by all bidders, leads to awarding the contract to the company that proposes the best exploratory efforts as far as investment and work are concerned and that demands less profitability should commercial oil be found by it.

— The contract's economic pattern is flexible and depends upon the potential of each block offered in



At Left, Ing. Xavier Espinosa, Minister of Natural Resources and Minerals, sitting next to Econ. Xavier Neira Menendez, Minister of Industry and Commerce. Standing is President Ing. Leon Febres Cordero.

terms of quantity and quality of the oil to be found, transportation facilities, and location of reserves on onshore and offshore areas. Thus, the participation percentage in the income originating from the oil that the contractors offer depends on such potential.

— The service contract not only provides for the exploration and exploitation of hydrocarbons, but it also covers long-term marketing of crude oil since the

contractor is entitled to receive in oil the reimbursements for its expenses and profitability, and it may have a preferential option to purchase up to 50% of the exportable balance.

Such contracts are framed within the National Government's objectives, that is, to guarantee to this generation and to future generations that there will be an availability of oil reserves and an exportable balance that can strengthen the fu-

ture of Ecuador's economy, 70% of whose exports depend on oil. The following goals are expected to be reached within the next four years: To explore four million hectares on new areas (Amazon Region,

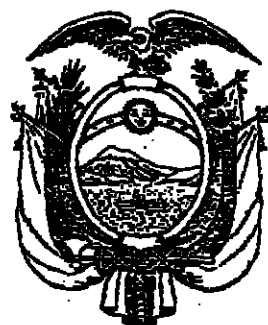
offshore, and onshore), to discover at least 2 billion barrels of new reserves, and to maintain an exportable balance of oil of not less than 50% of production beyond the year 2000.

Within this general objective, the first two rounds that have been carried out up to this date will permit to reach 50% of the above mentioned goals. Therefore, the National Government will again open two new rounds for oil contracts, in March and December of 1986. The purpose of these rounds will be to award between eight and ten new service contracts on the Amazon Region (in the country's southeast) and on the coast (Gulf of Guayaquil and Manabí).

dard contract is competitive within an international context, to the reliability and creditability demonstrated while handling the contracting process, and, above all, to the security that this Government has been able to give to foreign investment in Ecuador, as it is fully proven by its actions.

For a complete copy of this summary write to:

Subsecretaria de Energia
Ministerio de Energia y Minas
Santa Prisca 223 y
Manuel Larrea
Quito, Ecuador.



MINISTERIO DE ENERGIA Y MINAS

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طوكيو من الامم المتحدة

A SPECIAL REPORT ON ECUADOR

Varied Faces, Cultures

(Continued From Page 7)

known as *huasipungros*, forms the work force of the hacienda along with a small group of overseers (the owners spend most of their time in their townhouses). The peasants are likely to live in primitive huts on the more marginal lands of the estate.

In some areas of the highlands, Indians successfully resisted the predatory hacienda system and have survived in independent native communities. The members of such communities wear costume and speak Quechua, the language of the Incas.

The best known of these groups are the Otavalo, Salasaca and Saraguro Indians. Both the Otavalo and Salasaca groups are noted for their fine weavings and are within a day's travel of Quito. Go north to Otavalo to see the group of the same name or south to Ambato to see the Salasaca.

Unlike the Sierra, the coastal region has been a crossroads for trade and a producer of tropical crops and goods for the world market. Guayaquil, the major port, historically served as the gateway to all of Ecuador and has focused its energies on trade and marketing. The elite of Guayaquil are commercial entrepreneurs, many of whom came from such diverse places as Syria, Lebanon and China.

The coast also has the highest proportion of blacks in the country, a feature associated with tropical plantations throughout the New World. Guayaquil is a dynamic city, and with its material preoccupations, desire for growth and change, and more diverse racial mixtures, it constitutes the antithesis of the conservative, aristocratic and bureaucratic ethic of Quito.

The primary rural institution of the coast has not been the hacienda, but rather the commercial plantation that produces tropical crops, such as bananas, cacao and rice for both the national and international markets. While geared to the profit motive, these plantations have been at the mercy of price fluctuations in the world market, plant diseases and climatic disasters.

Throughout its history, the region has witnessed boom-and-bust cycles in which fortunes were made, lost and remade. Hence, the coast has a population that is inherently opportunistic when economic conditions permit, yet flexible enough to survive the not infrequent bad times.

main boulevard, to gain an impression of the "good life" of commerce, banks, department stores and sidewalk cafes.

Then, by taking a taxi tour of the wider city, one can see the contrasts offered by the neighborhoods of rural-to-urban migrants who are striving to carve a niche for themselves in the metropolis. Although this may seem like a heartless exercise, it does give an appreciation of the problems of urban migration that afflict many Latin American cities.

The heart of Afro-American Ecuador is at Esmeraldas on the north coast. The city is not beautiful, but remote and tranquil Pacific beaches such as Súa are only a short bus trip away.

For those who can afford the time and expense, a trip to the Galapagos Islands is recommended. While not property of the Coast

region, these isolated territories offer unique biological preserves. The Oriente, or East, is Ecuador's wild frontier. For centuries it remained mysterious and forbidding behind the walls of the Andes. Inhabited by Amazonian Indians and inaccessible to all but the most adventurous, it was the subject of myths of lost treasure, vast, unexploited resources and the dangers presented by headhunters, jungle animals and trackless forests.

During the past 20 years, this region has been increasingly opened to the outside world, primarily as a consequence of oil exploration and exploitation. Although there have been some minor efforts to develop a tourist industry for the Oriente, most notably the floating hotel, or Flotad, that plies the Napo River, facilities are underdeveloped or nonexistent.

This is an area for only the most dedicated and adventurous of travelers. The towns are small, grimy and either muddy or dusty, depending on the weather. Few hotels meet normal tourist standards. The food is generally scarce and poor—one often feels fortunate to get even a plate of rice topped by a fried egg and a few chunks of plantain or yuca. These are, respectively, cooking bananas and a starchy tropical root.

Nevertheless, the appeal of the Oriente is real. The landscapes of Andean foothills and waterfalls emerging into Amazonian forests and rivers are spectacular. Soldiers, oil workers, pioneers and gold prospectors rub shoulders in bonkey-tonk bars, where the cold beer and loud music are made possible by little generators. A shootout is always possible.

Many tourists who do make it to the Oriente are interested in visiting an Amazon Indian village. These villages vary in degrees of acculturation, and the casual visitor may be disappointed to discover that the most accessible settlements are not populated by natives wearing breechcloths and face paint but rather cotton shirts, dresses and lipstick.

Nevertheless, one will find that even in these villages much of the indigenous culture and mentality survive beneath the surface. Remoter settlements can be found, but their inhabitants may view tourism as yet another imposition from the modern world. Travelers may bring money, but they also bring probing cameras, foreign diseases, loud music, alcohol and, at times, drugs.

Circumspection, common sense and tact are recommended in visiting these remote enclaves.



In central Quito, the city that the Spanish built has been carefully preserved.

Quito's Panoramic Blend of Modern and Colonial

By Sarah Graham

QUITO—There is a saying in Ecuador's capital city that when God made the sky, he left a hole in it so that he could look down on Quito, one of South America's prettiest capitals. The best panoramic view of the city is from atop the Panecillo, one of the hills surrounding Quito, which is slung between green hills and snow-capped mountains. Old colonial houses blend easily with the skyscrapers and the palm-lined avenues of the city's newer section.

A steel statue of Quito's winged Virgin of Lajas keeps watch over the city's 1.5 million residents, who live spread among the orange-tiled roofs of Quito Antiguo and the gleaming steel and glass buildings of Quito Moderno.

In walking along the hilly, narrow streets of Quito Antiguo it becomes apparent why UNESCO named the city "patrimony of mankind" in order to preserve its old buildings. Now the law protects Quito Antiguo from being overrun by the modern age. It is illegal to change the district's whitewashed houses with their Spanish tile roofs and royal blue ironwork balconies.

Many buildings are more than 300 years old, and one of the streets that has best maintained its appearance is the city's oldest—Calle la Ronda. Despite several souvenir shops that have appeared along the narrow, curving, cobblestone street, one can still imagine it as it was in the early colonial days of the city.

Early historians described Quito as a city of perpetual greens. Although it is situated almost precisely on the equator, its altitude of 9,375 feet (2,856 meters) blesses it with early springtime temperatures year-round and radiant sunshine from July to September. The rest of the year there are brief showers almost every afternoon.

Quito has more than 30 churches. Looking down from the Panecillo, they dot the landscape with domes and open plazas inside convents and monasteries.

The most important churches can be visited in a walking tour arranged through a travel agency or simply undertaken

with map and guidebook in hand. It is a good idea, however, to check the visiting hours of the churches since they vary throughout the year and, in some cases, according to the schedule of Mass.

One of the most impressive churches is the La Compañía de Jesús, which was built in the 17th and 18th centuries. It is adorned with more than half a ton of gold leaf and seems almost entirely golden inside. Ecuador's first saint is buried here, in a silver coffin encased in a golden altar.

San Francisco, Quito's largest church, was reportedly built over the ruins of an Incan palace. It is, in fact, a collection of chapels and a convent rolled into one. It takes up nearly two city blocks and holds a commanding position above a cobblestone plaza.

The cathedral was the result of a joint effort of the city's clergy and townspeople, who in the 16th century carried the stone to support the church down from Mount Pichincha, one of the three hills that overlook the city. Until the middle of the 1500s, the cathedral had adobe walls and a thatch roof, then a nearly 300-year process of construction was begun.

The easiest way to get to Quito's museums is by taxi (no tipping is necessary). One of the most popular museums is the Central Bank Museum, located near old Quito. It contains thousands of artifacts in surprisingly good condition from Ecuador's ancient cultures. The second floor of the museum has a small exhibit of religious pieces, including gem-studded crowns for the images of saints and statues of the Virgin of Lajas.

It is a good idea to arrange for a guide when touring the museum as there is little explanation of the pieces on display. Guides, speaking a number of languages, are available free of charge by reserving a day or two in advance.

The Natural Science Museum, located in the gleaming round building of the House of Ecuadorian Culture, has a wide variety of objects of Ecuadorian life. It is the museum to visit if there is only time to see one.

While the central bank museum is almost overpowering in the volume of its collection, the House of Culture has a relaxed air, with room to sit down and enjoy the examples of

old musical instruments, colonial furniture, native costumes, paintings and sculptures by Ecuadorian artists.

The Goyasamin Museum exhibits paintings and other works by the country's most famous artist, Osvaldo Guayasamin. Another interesting museum has been built at the equator monument, about a half-hour drive from Quito. There, one can stand with a foot in each hemisphere, then step inside and see a display of Ecuadorian Indian life and art.

It is a good idea to visit Quito over a weekend, reserving Saturday for a trip to the town of Otavalo, where one of South America's most colorful markets takes place each weekend in the main square. Peasants from the surrounding hills display their wool products—wavings, brightly colored sweaters and intricately woven bags called *shigras*.

Although the market continues all day, it is wise to get there early since the prices go up the later it gets. Bargaining can bring the price of goods down about one-third to one-half. The best thing to do is make the two-hour trip Friday afternoon and spend the night in one of the fine small hotels in the area.

CONTRIBUTORS

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Ecuador Boosts Mining Activity With New Regulations

Mining has just received an important boost in Ecuador. Recent laws passed in August 1985 now provide new incentives and advantages to both miners and investors. The present government, headed by President León Febres Cordero, is eager to develop a significant mining industry. One of its top priorities has been the promotion of mining activity in all its phases, including the support of both national and foreign investors.

Ecuador's mining history goes back to the 16th century, when Spanish settlements were founded in the Amazon Basin. Gold was the explorers' main objective, although Ecuador also proved to

be rich in silver, copper, iron, lead, zinc and manganese as well as many other minerals. A combination of historical factors nearly wiped out mining in this region after the 17th century, but Ecuador's historical exploitation provides a valuable window on the country's current mining potential. Many of these original sites are now free to be reclaimed.

The new mining laws offer such key changes as:

- The establishment of the Ecuadorian Institute of Mines (INEMIN), an autonomous entity created to simplify and centralize procedures.
- Upon the reporting of a deposit, preferential

rights are awarded to the reporter.

- With the termination of a contract all mining and industrial installations, machinery and equipment is retained and can be removed by the owner. (Previously, it reverted to the state.)

- Royalties are based on the sale price of the metals and are 1 percent during the first four years and 3 percent thereafter.

- On mining activities, taxes are paid on only 50 percent of the taxable profit base for a period of five years. Individuals who earn profits from mining investments pay only 5 percent on profits arising from investments of both capital and work,

and 10 percent on profits resulting from investment of capital alone (rather than having the profits considered as general income to be taxed at a higher progressive rate).

- No tax whatsoever is paid for the contracts, on initial inversions and augmentations of capital, on security deposits or on re-investments.

- Exemption from customs duties on imported equipment and machinery.

- Individuals or corporations that invest in mining enterprises by means of an initial contribution or subsequent augmentation of capital can deduct 50 percent of this amount from the tax on profits.



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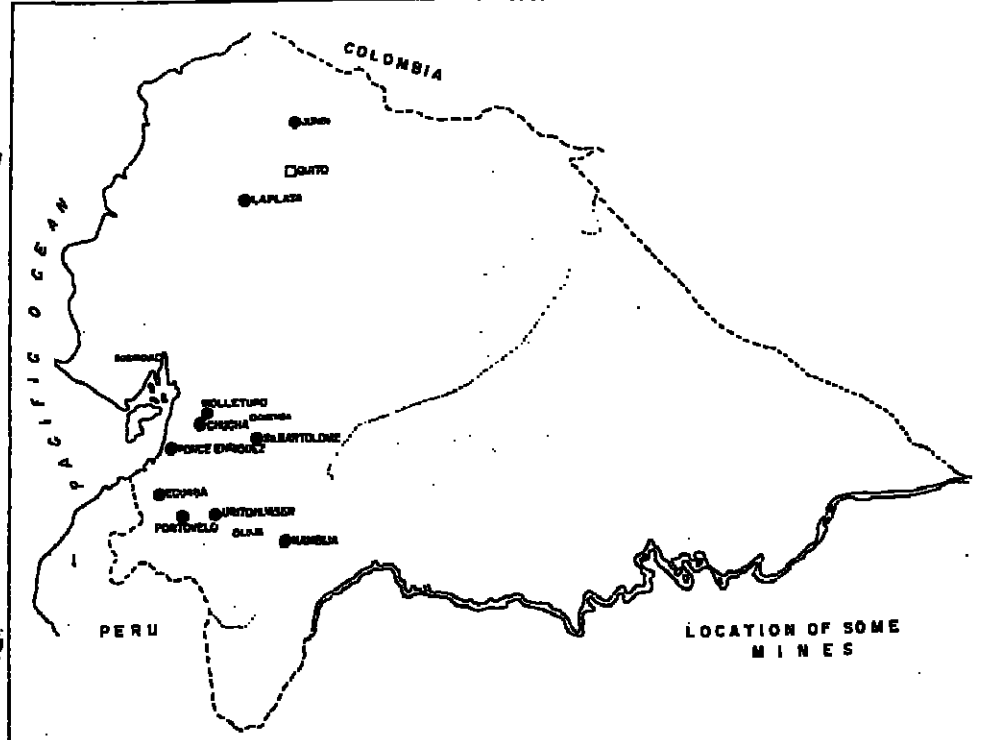
Current mining activity in Ecuador includes limestone and caolin for cement production, as well as the production of minerals used in ceramics, silica, and other non metallic minerals. Marble, fossilized limestone and pure minerals for ornamental use in construction are also being produced. Exploitation of polymetallic and precious metals is now getting under way.

But outstanding among Ecuador's minerals is gold, which even with archaic and unsophisticated mining methods has recently reached exciting production levels.

Contracts for mining investigation or development already cover many sites likely to furnish non-metallic and metallic minerals and/or precious metals. However, a large number of areas with great potential remain unclaimed; an estimated 100,000 square kilometers (40,000 square miles) are still to be prospected.



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Ecuador's coast, Sierra and sub-Andean area are the most important mining zones.

n Ride

one of the waters, who demonstrated her hand-made wooden boats as a tourist attraction at the hotel in the modern city of Quito. People that were able to survive in native communities.

Prof. W.F. Camacho Navarro
Marketing Consultant

Exploitation for the Third

and contract is common in the international arena and credit can be demonstrated in the contracting process and the security of the Government has been able to give to the investment in Ecuador, as it is fully protected by actions.

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Amgen	103.5	102.5	103.0	+0.5
Amgen	103.5	102.5	103.0	+0.5
Amgen	103.5	102.5	103.0	+0.5
Amgen	103.5	102.5	103.0	+0.5
Amgen	103.5	102.5	103.0	+0.5
Amgen	103.5	102.5	103.0	+0.5
Amgen	103.5	102.5	103.0	+0.5
Amgen	103.5	102.5	103.0	+0.5

Open	High	Low	Last	Chg.
Ind. Ave.	1284.5	1283.5	1284.0	+0.5
Comp. Ind.	1284.5	1283.5	1284.0	+0.5
Transp.	1284.5	1283.5	1284.0	+0.5
Energy	1284.5	1283.5	1284.0	+0.5
Health Care	1284.5	1283.5	1284.0	+0.5
Technology	1284.5	1283.5	1284.0	+0.5
Consumer Goods	1284.5	1283.5	1284.0	+0.5
Financials	1284.5	1283.5	1284.0	+0.5
Real Estate	1284.5	1283.5	1284.0	+0.5
Utilities	1284.5	1283.5	1284.0	+0.5

High	Low	Close	Chg.
Composite	1284.5	1284.0	+0.5
Industrial	1284.5	1284.0	+0.5
Transportation	1284.5	1284.0	+0.5
Energy	1284.5	1284.0	+0.5
Health Care	1284.5	1284.0	+0.5
Technology	1284.5	1284.0	+0.5
Consumer Goods	1284.5	1284.0	+0.5
Financials	1284.5	1284.0	+0.5
Real Estate	1284.5	1284.0	+0.5
Utilities	1284.5	1284.0	+0.5

Monday's NYSE Closing

Vol. of 4 P.M. 122,536,000
 Prev. 4 P.M. vol. 126,476,000
 Prev. consolidated close 132,712,200

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
 Via The Associated Press

Advanced	Declined	Unchanged
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890

Open	High	Low	Last	Chg.
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5

Vol.	High	Low	Last	Chg.
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5

Open	High	Low	Last	Chg.
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5

Advanced	Declined	Unchanged
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890

Buy	Sales	% of Total
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890

High	Low	Close	Chg.	
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5

Advanced	Declined	Unchanged
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890
1,234	567	890

High	Low	Close	Chg.	
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5
100.0	101.0	99.0	100.5	+0.5

N.Y. Stocks Rise; Trading Active

United Press International
NEW YORK — Prices on the New York Stock Exchange finished higher in active trading Monday as the transportation sector registered new highs.

The Dow Jones industrial average climbed steadily through early afternoon, then trimmed some of its advance and closed with a gain of 7.68 at 1,537.61.

For the second time in as many sessions, the Dow transportation average set a new record closing high, up 6.53 to 746.44, surpassing the previous high of 739.91 set Friday.

Broader market indicators advanced. The New York Stock Exchange composite index rose 0.54 to 119.86. Standard & Poor's 500-stock index climbed 0.96 to 207.39. The price of an average share added 16 cents.

Advances outpaced declines 965-681. Volume was 122.9 million shares, down from 128.9 million Friday.

"We think the market is going much higher," said Stephen Weiss, chairman of the executive committee of Ladenburg, Thalman & Co. Mr. Weiss said lower oil prices will have the equivalent effect of a major tax cut because companies and consumers will be able to spend the money saved on fuel in other sectors of the economy. Lower interest rates will also help the market move higher, Weiss said.

Newton Zinder, technical analyst at E.F. Hutton, was more cautious. Though he believes the market will eventually move higher, he said that strength in the transportation index is "very unusual and almost excessive" and will not necessarily be followed by similar strength in the broader market.

"The transportation average mostly reflects the decline in oil prices," Mr. Zinder said. "On a short-term basis, it is quite extended."

Mr. Zinder said stocks are still consolidating the gains of the last three months of 1985. The Dow is likely to trade between 1,500 and 1,570 over the next few weeks, he said.

Southern Company was the most active NYSE-listed issue, rising 3/4 to 22 1/2.

Republic Airlines followed, unchanged at 15. Last week, it agreed to be acquired by NWA, the parent of Northwest Orient Airlines, at \$17 a share. NWA was up 1/4 to 48 1/4.

Other airlines were actively traded. Western Airlines was the third-most active issue, rising 1/4 to 8 1/4. Pan American World Airways rose 1/4 to 8 1/4 and Delta climbed 3/4 to 42 1/4. UAL fell 1/4 to 55. AMR lost 1/4 to 46 1/4 and Eastern lost 1/4 to 5 1/4.

Among other transportation issues, Federal Express gained 1 1/4 to 63 1/4 and Overnight Transportation jumped 1 1/4 to 47 1/4.

As worries that lower oil prices would jeopardize the ability of oil-revenue-dependent nations to pay their debts to foreign banks persisted, Citicorp lost 1/4 to 48 1/4, Bankers Trust fell 1/4 to 67 1/4, Chemical New York eased 3/4 to 42 1/4, Manufacturers Hanover dropped 1/4 to 41 1/4, J.P. Morgan declined 1/4 to 60 1/4 and Chase Manhattan Bank (ex-dividend) eased 1/4 to 69 1/4.

In the oil and oil-service sector, Phillips Petroleum (ex-dividend) lost 1/4 to 10 1/4, Chevron eased 3/4 to 35 1/4, Texas Oil & Gas lost 1/4 to 13 1/4 and Mobil fell 1/4 to 29 1/4. Exxon rose 1/4 to 51 1/4. Pennzoil added 2 1/4 to 66 1/4.

12 Month High	Low	Stock	Div. Yld. %	PE	52 High	52 Low	Open	High	Low	Last	Chg.
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5

12 Month High	Low	Stock	Div. Yld. %	PE	52 High	52 Low	Open	High	Low	Last	Chg.
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5

12 Month High	Low	Stock	Div. Yld. %	PE	52 High	52 Low	Open	High	Low	Last	Chg.
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5

12 Month High	Low	Stock	Div. Yld. %	PE	52 High	52 Low	Open	High	Low	Last	Chg.
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5
100.0	101.0	AA	1.0	10	100.0	101.0	100.5	101.0	99.0	100.5	+0.5

Statistics Index table with columns for AMEX prices, P-14, Commodities, P-13, etc.

FUTURES AND OPTIONS

Tea Leaf Readers Stumped By Ups, Downs of Gold, Oil

By JAMES STERNOLD
New York Times Service
NEW YORK — Which should you believe, oil or gold? In recent weeks, commodity markets have undergone some of their sharpest gyrations since prices plummeted with the decline in the inflation rate five years ago.

However, the different commodities have been flying off in contrary directions, leaving those who look for patterns in the markets generally stumped.

Leading the fluctuations were the oil market, which went into a tailspin, and the gold market, which rocketed to its highest levels in 18 months. More expensive gold often is viewed as a sign that higher inflation lies ahead, while cheaper oil could slash the inflation rate because energy is such a large component of industrial costs.

"We are in the middle of an enormous tug-of-war," said Richard Sandor, a senior vice president at Drexel Burnham Lambert Inc. "It is a push one way and a pull in the other."

Art Shane, head of commodity research at Prudential-Bache Securities Inc., added: "It's the kind of situation that we haven't seen for several years."

But one analyst, Nelson Chang, of Shearson Lehman Brothers Inc., said that he did see some sense in these price movements. "Every market has its own factors, but there are times when inflation or deflation is so strong that the micro forces get lost in the macro force, and you develop a strong trend, as we had for the past five years," he explained. "What we're now seeing is that the deflationary forces are spent. You have micro forces that can now move each market, without the macro force of disinflation overcoming them. The underlying trend is not simply downward anymore, and that is progress."

The trends underlying the commodity-price swings are more than academic interest. Although many commodities have fallen out of fashion with investors because of the disinflationary spiral of recent years, they are still regarded as harbinger of future inflation rates and other international pressures. The recent price jumps have renewed what is likely to be a vocal debate over future inflation rates and how government policy makers should respond.

M. R. Chang interpreted the recent price movements as meaning that, while inflation is unlikely to be reignited soon, it will probably not fall from its current annual level of just below 4 percent.

As Mr. Chang pointed out, the interesting news recently is that each commodity market has been responding to specific, unrelated circumstances. For example, overproduction and competition are pushing oil prices down, heavy demand from a small number of buyers has supported gold, and a Brazilian drought spurred coffee prices.

But there is one indicator suggesting that a slight updraft may be blowing through the commodity markets: the Commodity Research Bureau's futures index, based on the futures prices of 27 agricultural and industrial commodities.

The index fell most of last year, hitting a seven-year low of 217.2 on Sept. 9. But then it began to pick up. The index, whose base year is 1967, rose to about 230 late last year before slipping to 224 on Friday in the wake of the tumbling oil prices.

Three CFTC Proposals
Congressional hearings on the reauthorization of the Commodity Futures Trading Commission are scheduled to begin Feb. 5 before a Senate committee, but the first salvo in what promises to be a spirited battle between commission supporters and

(Continued on Page 15, Col. 5)

Currency Rates

Currency Rates table with columns for Cross Rates, Other Dollar Values, and Currency per U.S.

Interest Rates

Interest Rates table with columns for Treasury Deposits, Key Money Rates, and Aslan Dollar Deposits.

U.S. Money Market Funds table with columns for Merrill Lynch Money Assets, 30 day average yield, etc.

Gold

Gold table with columns for A.M., P.M., C/O, etc.

Markets Closed

Financial markets in Australia were closed Monday because of a holiday.

Exxon Judgment Upheld

\$2-Billion Order Left Standing

Compiled by Our Staff From Dispatches
WASHINGTON — The U.S. Supreme Court let stand Monday a ruling ordering Exxon Corp. to pay more than \$2 billion as a penalty for overcharging for oil during price controls in the late 1970s.

The court refused to hear an appeal brought by Exxon seeking to overturn the judgment. Under earlier court rulings, the money is to be given to various U.S. states for energy-conservation programs.

The Exxon penalty is the largest U.S. monetary judgment ever upheld on appeal. In November, a Texas state jury ordered Texaco Inc. to pay \$10.53 billion to Pennzoil Co. for improperly interfering with that company's acquisition of Getty Oil Co. Appeals in that case are pending.

In 1983, a federal district judge in Washington ruled that Exxon, the largest American corporation, had charged too much for oil from its Hawkins field near Tyler, Texas, between 1975 and 1981.

The court found that Exxon made illegal profits of \$89.5 million by classifying so-called "old" oil as "new" oil, and thus selling it at nearly twice the price.

The federal controls that created the two-tier pricing system were removed by President Ronald Reagan immediately after he took office in 1981.

The remaining \$1.104-billion in penalties is in interest charges of approximately \$500,000 a day.

A special federal appeals court in Washington upheld the penalty in July.

In a Supreme Court appeal supported by the U.S. Chamber of Commerce, Exxon said it was the victim of confusing federal regulations. Lawyers said Exxon was penalized for expanding production at a time of heightened national concern over energy shortages.

The airline, oil, utility, trucking and taxicab industries also urged the high court to review the case. They contended that they, as well as states, should be reimbursed for buying overpriced oil.

The states must spend the money on energy conservation programs and to aid the poor with home utility bills. (AP, UPI)

Eastern Chief Assesses Latest Crisis

Says Survival Of Airline Is In the Balance

By Agis Salpukas
New York Times Service
MIAMI — Eastern Airlines is at the most critical stage in its long struggle for survival, Frank Borman, the chief executive for the last 16 years, has weathered a history of crises but acknowledges that this one, heightened by the carrier's determination to slash wage costs permanently, could decide whether the airline survives.

On Jan. 23, Eastern which is facing a bank-imposed deadline to cut costs or lose its financing, said it would cut the salaries of 17,000 noncontract and management workers by 20 percent as part of a plan to trim \$250 million from labor costs this year. Earlier it had said it would lay off 1,010 flight attendants, cut the wages of the 6,000 others by 20 percent and impose a new contract on the flight attendants' union.

In an interview recently in his office at the company's headquarters here, Mr. Borman discussed his often tumultuous relations with Eastern's unions, his strategy for dealing with the current crisis and the possibility of the airline seeking protection under Chapter 11 of the bankruptcy laws. Chapter 11 gives a company court protection from its creditors while it works out how to pay its debts. Such a procedure might allow Eastern to restructure costs in the same way that Frank Lorenzo, the president of Texas Air Corp., did with Continental Airlines.

Q. How is this crisis different from earlier ones at Eastern?
A. This one is different because the marketplace has changed so much. Deregulation changed our lives. But the process of that change was not instantaneous. It began in 1979. We were just marginally unprofitable. Now there is enough low-cost competition out there that you can't fix these things temporarily.

Q. If you go into default and the lenders begin to call in their loans, would you then have to file for Chapter 11?
A. That's a very difficult question to answer after having done so much over the years to avoid that filing. I simply have to say there are several options open to you at that time. You could shut it down, you could attempt to sell the assets or you could file for Chapter 11. You could do a lot of things. My point is that those options are already open. You need to know that it is the last thing on our minds. We're oriented to successfully negotiating this process.

Q. Could Eastern restructure by using the bankruptcy laws to bring costs down?
A. The laws have been changed so it would be more difficult for Eastern. If you're asking it is possible, yes, I think it's possible but it would be a choice that we would be loath to make. The airline has to be restructured from a cost basis. It makes a lot more sense to do it ourselves without involving the courts and without going through the process that could jeopardize everything we have struggled so hard to achieve. That to me would be an irrational response to our current problems.

Q. What about the drive by (Continued on Page 15, Col. 2)



Frank Borman, chief executive of Eastern Airlines.

Japan Reported Ready to Lower Discount Rate

By Susan Chira
New York Times Service
TOKYO — In a policy shift due to the rising yen, Japan's monetary authorities appear ready to take the lead to lower interest rates unilaterally.

According to press reports and several economists here, if the yen continues trading at its current high levels, Bank of Japan officials believe they could lower interest rates without weakening the yen.

Such a move would reverse Japan's former policy of waiting for an American interest-rate cut and would follow the recent agreement by top economic officials of five leading industrialized nations to try to push down interest rates. The Group of Five did not agree on any concerted action to cut rates, but left cuts up to individual nations.

Bank of Japan officials Monday were attending a meeting of branch managers and were unavailable to comment on press reports that the bank would lower interest rates if the yen continued to trade at current levels — between 195 and 196 yen to the dollar.

The reports, attributed to central bank sources, appeared in virtually every Japanese newspaper this weekend. On Monday, newspaper and television reports indicated that Japan's finance minister had met with a leading ruling-party official and agreed to cut the Bank of Japan's basic interest rate, the official discount rate.

One government official who asked not to be identified said that several conditions must be met before any discount-rate cut: a strong yen, a decline in the call rate to below 6 percent, and a belief that interest rates around the world also would decline. But the official said

it was possible that Japan would make a political decision to take the lead in cutting interest rates. Several economists also expect a discount-rate cut soon. "I think a Japanese discount reduction is imminent," said Motohide Hongo, deputy general manager of Sumitomo Bank's international planning department. "If the yen stabilizes at the 195-to-the-dollar level, a discount cut would be a high probability."

Some press reports have predicted that a cut of half a percentage point, to 4.5 percent, could come as early as this week, although the timing would depend on the continued strength of the yen.

In the past few weeks, debate over Japan's interest rates and economic growth has been intensifying. Japanese officials have been under pressure to lower the discount rate to stimulate the economy and ward off what many private economists are predicting could be a severe economic slowdown. The nation's trading partners, particularly the United States, also have urged Japan to pump its economy to reduce its reliance on exports and to act as an engine to world economic growth.

But Satoshi Sumita, the Bank of Japan's governor, repeatedly declined to lower interest rates unless the United States lowered them first. To do so, he said, would increase the interest-rate differential between the two nations, increase demand for dollar investments and therefore weaken the yen. The bank pushed up short-term interest rates in October to help prop up the yen.

5 OPEC Members Set Special Meeting in Vienna

Compiled by Our Staff From Dispatches
KUWAIT — Five OPEC oil ministers are to hold a special meeting next week to discuss the slump in oil prices, the Kuwaiti oil minister, Sheikh Ali al-Khalifa al-Sabah, said here Monday.

He said ministers from Saudi Arabia, Kuwait, Algeria, Iraq and Indonesia would meet next Monday in Vienna to discuss the latest situation in oil markets.

The sheikh went to Saudi Arabia to discuss the price slump with his Saudi counterpart, Sheikh Ahmed Zaki Yamani, officials said.

The Kuwaiti minister said OPEC countries could decide to increase production by one million barrels a day, to 17 million barrels a day, but that the official price might be lowered to between \$24 and \$25 a barrel, from the current \$27.

In the past week spot market prices have fallen below \$20 a barrel, but he said countries should not get "nervous" and act "inconsiderately" because "this period of gloominess will not last."

In trading in Europe on Monday, crude oil prices held generally stable, traders said.

The Saudi oil minister, Sheikh Yamani, has predicted that prices could fall to below \$15 a barrel unless production is cut to defend prices.

The Kuwaiti minister said, however, that he did not think OPEC members and nonmembers would agree in the near future on price and production coordination "because the position of each country is dictated by specific needs."

"We must forego a phased action over at least three years," he said.

OPEC oil ministers formally abandoned a ceiling of 16 million barrels a day at a meeting last month in favor of an undefined "fair share of the market."

Western oil analysts say OPEC output has since risen to about 18.4 million barrels a day, an increase that they say is partly responsible for the oil price fall.

OPEC's biggest producer, Saudi Arabia, for example, has more than doubled output since its production dropped to a 20-year low of two million barrels a day in August.

The main instruments of the increase have been so-called netback contracts, which relate the price of crude to the prices of the products refined from it, guaranteeing a fixed profit for buyers.

U.S. to Cease GNP Forecasts

United Press International
WASHINGTON — The Commerce Department said Monday it will discontinue its "flash" forecast of the U.S. gross national product, the nation's output of goods and services, saying that the number can be misleading because it is based on incomplete data.

The "flash" was calculated by estimating two months of the Consumer Price Index, business fixed investment and business inventories. Some trade figures used in the flash were estimated for the entire quarter. The indicator was released 10 days before the end of the period it forecasts.

"This makes the 'flash' an educated guess at best, yet in financial circles it is still considered an actual statistic," the department said.

Latin Debtors: Growth Comes First

By Carl Gewirtz
International Herald Tribune
LONDON — Latin debtor countries and their industrialized-country creditors aired in London on Monday their fundamental divisions about how to defuse the debt crisis.

The key issue is growth versus adjustment, with the Latins, fatigued by three years of belt-tightening, insisting on more growth before undertaking additional adjustment and the creditors emphasizing the need for growth and adjustment to proceed in tandem.

The essential point repeated here by the Latin Americans was that the fabric of democratic societies could not sustain more adjustment without economic growth.

"We have brought down our inflation to half of what it was in 1982, from 120 percent to 63 percent in 1983," Mexico's finance minister, Jesus Silva Herzog, told the audience of commercial bankers, businessmen and government officials.

The conference, titled "Beyond the Debt Crisis: Latin America the Next Ten Years," is sponsored by the Inter-American Development Bank and the International Herald Tribune. It concludes Tuesday.

Mr. Silva Herzog said: "We reduced our current-account deficit from \$13 billion in 1981 to a surplus in 1983 and 1984 and to roughly balance in 1985; accumulated [economic] growth in the years from 1982 to 1985 is barely positive and per-capita income is negative by around more than 8 percent. Real wages have been ad-

justed downward. By December 1985, terms of trade were 77 percent of their level of 1980 and the fall in oil prices is deteriorating this figure almost daily."

He asked: "How do you explain to a society that has endured this adjustment process so admirably, almost stoically, that you need even more sacrifices in order to compensate for falling oil prices so that we can continue to pay historically high real rates of interest to our creditors?"

"The limit of the responsibility to our creditors is the responsibility to our people," he said. "There is no dispute on the urgent need to foster policies to enable Latin America to grow its way out of the debt problem, he said."

That is the thrust of the plan proposed by the U.S. Treasury secretary, James A. Baker 3d, last October at the joint meeting of the International Monetary Fund and the World Bank in Seoul. But when it comes to implementing that proposal, which calls on the multinational development banks and commercial banks to step up their lending by \$29 billion over three years to the 15 most heavily indebted nations, each of the parties points to the other as having the obligation to begin the process.

This was made clear by Eduardo Wiesner Duran, the IMF's Western Hemisphere director, who praised nations in the region for the impressive achievements scored in improving their external accounts but criticized the lack of progress on

the internal imbalances, as measured by the persistence of inflation, high budget deficits and reduced domestic savings.

The point was also emphasized by Robin Leigh-Pemberton, governor of the Bank of England, who estimated that the flight of capital from Latin America between 1981 and last year totaled \$80 billion, an amount about equal to the total amount of foreign debt that those countries incurred in that period.

The fear that new money lent to Latin America would finance renewed outflow of private capital is one of the issues that has commercial banks dragging their feet in implementing the Baker proposal, which the leading banks in all the major industrialized countries have approved in principle.

Last year, there was virtually no (Continued on Page 15, Col. 1)

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Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	IBM	4.8 15	125 1/4	115 1/4	122 1/4	+1 1/4
12 1/2	11 1/2	Microsoft	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Apple	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Oracle	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	AT&T	5.8 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Verizon	5.8 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	WorldCom	5.8 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	Merck	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Pfizer	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Johnson & Johnson	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	Exxon	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Shell	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Amoco	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	General Electric	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Westinghouse	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Lockheed	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	Boeing	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	McDonnell Douglas	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Rockwell International	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	Boeing	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	McDonnell Douglas	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Rockwell International	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	IBM	4.8 15	125 1/4	115 1/4	122 1/4	+1 1/4
12 1/2	11 1/2	Microsoft	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Apple	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	AT&T	5.8 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Verizon	5.8 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	WorldCom	5.8 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	Merck	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Pfizer	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Johnson & Johnson	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	Exxon	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Shell	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Amoco	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	General Electric	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Westinghouse	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Lockheed	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

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12 1/2	11 1/2	Microsoft	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Apple	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	AT&T	5.8 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Verizon	5.8 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	WorldCom	5.8 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	Merck	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Pfizer	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Johnson & Johnson	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	Exxon	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Shell	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Amoco	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	General Electric	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Westinghouse	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Lockheed	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

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12 1/2	11 1/2	Microsoft	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Apple	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

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12 1/2	11 1/2	AT&T	5.8 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Verizon	5.8 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	WorldCom	5.8 15	115 1/4	105 1/4	112 1/4	+1 1/4

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12 1/2	11 1/2	Merck	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Pfizer	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Johnson & Johnson	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

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12 1/2	11 1/2	Exxon	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Shell	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Amoco	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

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12 1/2	11 1/2	Lockheed	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

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12 1/2	11 1/2	Apple	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

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12 1/2	11 1/2	WorldCom	5.8 15	115 1/4	105 1/4	112 1/4	+1 1/4

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12 1/2	11 1/2	Pfizer	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Johnson & Johnson	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

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12 1/2	11 1/2	Shell	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Amoco	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
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12 1/2	11 1/2	Westinghouse	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4
12 1/2	11 1/2	Lockheed	1.0 15	115 1/4	105 1/4	112 1/4	+1 1/4

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12 Month High	Low	Stock	Div. Yld. PE	52 High	Low	Close	Chg.
12 1/2	11 1/2	IBM	4.8 15	125 1/4	115 1/4	122 1/4	+1 1/4
12 1/2	11 1/2	Microsoft					

BUSINESS ROUNDUP

Dawson, Coats Patons Set Merger Agreement

By Bob Haggerty International Herald Tribune LONDON — Dawson International PLC announced Monday that it had agreed to acquire Coats Patons PLC for \$527 million (\$871 million) in what the two Scottish textile companies described as a friendly merger.

The combination would create a manufacturing and retailing company with annual sales of about \$1.3 billion worldwide from such brands as Coats's Jaeger clothing and Dawson's Pringle knitwear. "Together, we make a very formidable textile grouping in world terms," James McAdam, chief executive of Coats, boasted at a press conference.

But investment analysts described the plan as a defensive move for Coats. "They were looking for a way to survive a bid," said Rosemary Banyard of James Capel & Co.

With a stock market value of about \$290 million, Dawson is much smaller than Coats. Even so, Dawson's chairman and chief executive, Ronald Miller, is to hold the same top posts at the combined company, to be called Dawson Coats Patons. Mr. McAdam of Coats was named deputy chairman of the combined concern.

The two companies said the merger would be effected through an offer by Dawson because that company's shares command a much higher rating on the stock market.

Coats shares have long been lowly rated, partly because the company derives nearly half of its profits from Latin America and southern Europe, raising questions over its ability to repatriate earnings. Some analysts also criticize Coats for having moved too slowly to reduce its reliance on low-growth businesses, such as the manufacture of industrial thread.

Several analysts said Monday that Dawson's management skills and marketing flair should benefit Coats.

On the London Stock Exchange, however, the reaction was muted. Dawson shares fell to 204 pence.

Kosher Food Plant Burns United Press International MIFFLINTOWN, Pennsylvania — More than two-thirds of the Empire Kosher Poultry processing plant, which distributes kosher food around the world, was destroyed by fire Sunday. There were no injuries and the cause was not determined.

Company Notes Akzo NV, a Dutch chemical company, said it would appeal in the U.S. courts against a five-year ban on sales of its twaron fiber there. The ban was imposed after Du Pont Co. said twaron infringed on patents for its kevlar, kevlar. Akzo has alleged that Du Pont infringed its patents.

Amisont Caspo NV, a Dutch-registered subsidiary of Italian chemicals group Montedison SPA, is to acquire the fluoropolymer business of Allied Signal Inc. in Elizabeth, New Jersey, and Orange, Texas, for \$55 million.

Bell Canada Enterprises Inc. plans to issue about 5 million shares of common stock in Japan in March, a spokesman for Nomura Securities Co., lead manager of the offering, said. Bell Canada was listed on the Tokyo Stock Exchange in November.

Bolden AB, a mining and metals group, and Ahlsell AB, a retail and investment conglomerate, had trading on the Stockholm Stock Exchange halted at their request. Stockbrokers said they expected Bolden, which has a 30-percent stake in Ahlsell, to submit a bid for the entire company.

Continental Airlines has notified officials at Dallas Love Field that it will begin service from the airport at around May 1. Continental had earlier announced plans to schedule at least seven daily flights from Love Field, following a Dec. 31 ruling by the U.S. Department of Transportation that opened the airport to competitors.

Gulf Canada Ltd. said testing confirmed that the Amualigk structure in the Beaufort Sea has indicated oil reserves with a potential of 700 million to 800 million barrels.

Airbus Agrees to Develop 2 Long-Range Jet Planes

By Axel Krause International Herald Tribune PARIS — The supervisory board of Airbus Industrie formally established on Monday a program to develop two long-range Airbus jets for the 1990s, the four-nation consortium announced.

Airbus said it hoped a final decision to build the new aircraft, designated the A-330 and the A-340, could be reached by the end of this year. However, major obstacles remain, aircraft industry executives said. These include obtaining commitments from airlines to order the planes, and securing \$2.5 billion in financing from the British, French, West German and Spanish governments for construction, company executives said.

"The decision today means we can go ahead with trying to get the necessary commitments, and represents an essential step in the process," an Airbus spokeswoman said in Paris. The board meeting was held in Munich.

U.S. diplomatic officials said Monday that allegations of unfair Airbus financing and sales practices will be on the agenda of informal talks between the Reagan administration and the governments of Britain, France and West Germany around the end of February.

The governments proposed the talks last month to Clayton K. Yeutter, the U.S. trade representative, in an effort to head off possible retaliation against Airbus. "The meetings being scheduled have no direct relationship to the two new Airbus planes, but the issue of government financing will no doubt come up," a U.S. official said.

Airbus said that necessary financing had been "made available by the partners for the new phase," which the Airbus spokeswoman said referred to initial funding provided by the owners: France's Aerospatiale, West Germany's Messerschmitt-Bölkow-Blohm GmbH, privately owned British Aerospace PLC and Spain's Construcciones Aeronauticas SA.

The A-330 would be a twin-engine, 310-passenger wide-bodied aircraft with a range of about 5,800 miles (9,300 kilometers). The A-340 would be a four-engine, 260-passenger plane with a range of about 7,800 miles. Airbus officials said that they would use the same wing and fuselage and share electronic systems and cockpit technologies.

Airbus and McDonnell-Douglas recently had what an executive described as "preliminary contacts" about cooperating in developing the A-340 and the MD-11, a long-range plane that McDonnell-Douglas said would be ready for delivery in 1989. But the idea has been dropped because of what an executive described as "the more advanced state" of the U.S. plane, a derivative of the DC-10.

U.S. Profits Expected to Be Weak in 4th Quarter

By Eric Schmitt New York Times Service NEW YORK — Hampered by sluggish growth in the economy, U.S. profits for the last quarter of 1985 are estimated to have been flat or down slightly, based on earnings already reported and various economic factors, according to many economists and industry analysts.

Even the most optimistic estimates, based in part on a late spurt in consumer spending in December, were for modest gains of about 6.5 percent.

"Overall growth in sales has not been strong enough to push profits higher," said Roger M. Kubarych, chief economist of the Conference Board, a business-sponsored research organization.

Fueling what growth did take place in the quarter were automakers, military contractors, and consumer-goods companies, analysts said.

Computer companies showed signs of emerging from their slump with impressive earnings gains. But airlines and steel companies were estimated to have been lower.

Many economists said the weakness in profit growth for the last quarter of 1985 reflects the surprisingly low 2.4-percent growth rate in the nation's gross national product — a measure of a nation's total output of goods and services — reported by the government for the period last week. The government initially estimated economic growth for the period at 3.2 percent.

For all of 1985, the economy expanded only 2.3 percent, the worst record since 1982, when the GNP fell 2.5 percent.

Profits reports are still coming in and several important companies have yet to file. But Wharton Economic Forecasting Associates is projecting over all that after-tax profits for the quarter will be \$140 billion at a seasonally adjusted annual rate, down 0.6 percent from the \$140.9 billion posted in the like period in 1984. Many other economists concurred with the estimate.

However, Goldman, Sachs & Co., the investment house, and Data Resources Inc., an economic-consulting concern, both forecast that earnings could reach \$150 billion, up 6.5 percent. "Still nothing to brag about," said Robert A. Gough, senior vice president of Data Resources.

Jason Bendersly, co-director of economic research at Goldman, Sachs, explained that his firm foresees slightly higher results because of cost-cutting throughout the industrial sector that lowered companies' break-even points, and a decline in the price of oil.

Other economists projecting flat earnings for the period, however, blamed a weak economy and pointed to a worsening of the trade deficit with other countries.

"So far, the dollar hasn't fallen enough or for a long enough time to impact trade," said David W. Berson, senior economist at Wharton Economic, referring to the effort begun last fall by the United States and other leading industrial nations to foster a decline in the dollar's value. Such a decline is expected to help reduce the trade deficit by making imports to the U.S. exports less expensive.

Economists said that earnings for the fourth quarter roughly equaled the third quarter's \$141.1 billion and typified the year's lackluster performance in general.

"On the whole, 1985 was a mediocre year for the economy," said Mr. Berson. "Interest rates continued to come down and the economy grew, but not terribly quickly to bring down unemployment very much."

For 1986, economists said they expect the economy to remain sluggish through the first half, then

pick up in the second part of the year.

Alan Greenspan, president of Townsend-Greenspan & Co., an economic-consulting firm in New York, said that "1986 is likely to turn up a number of surprisingly favorable corporate profit reports, especially in the industrial sector."

He said: "If we get even a moderate acceleration of industrial activity and prices, we'll see above-expected increases in earnings."

As for the just-completed quarter, however, plagued Intel Corp., which reported a \$14.9-million loss in the quarter against a \$23.2-million profit in 1984. Texas Instruments, also profitable in the 1984 quarter, posted a \$41.2-million loss in the 1985 period.

Military contractors, along with other industrial manufacturers, are closely watching the spending cuts the government may have to make this year to trim the budget deficit.

But for the last quarter, "profits are at record highs for defense contractors based on record backlogs for orders," said Morton Langer, aerospace analyst at Bear, Stearns & Co. Among those that have reported, Martin Marietta Corp. had a 49.8-percent gain, and Raytheon Co. was up 10.2 percent.

Many consumer-goods producers also reported quarterly gains. Whirlpool Corp., a major appliance maker, was up 36.1 percent, while Bristol-Myers Co., a leading manufacturer of drugs, health-care products, and toiletries, increased 11.2 percent for the quarter. Sara Lee Corp., a food products manufacturer, reported that earnings rose by 13.1 percent.

Improved profits for computer companies may signal a recovery for the hobbled industry. International Business Machines Corp. had its only quarterly gain for 1985 in the final period, with earnings up 23.5 percent, to \$2.68 billion, compared with the same period in 1984.

Burroughs Corp., Apple Computer Inc., and Digital Equipment Corp. all reported quarterly gains of between 22 percent and 24 percent.

Weakness in semiconductor de-

French Bank Sets Rights Issue

PARIS — State-owned Compagnie Financière de Suez said Monday it will offer a one-for-six rights issue of investment certificates priced at 825 francs (\$111) per certificate of 150 franc nominal value.

The 1.8-billion-franc offer to existing share and certificate holders will raise its nominal capital, company officials said, and will be held by state institutions and certificates held by investors, to 2.27 billion francs from 1.95 billion, through the issue of 2.16 million certificates.

Subscription lists will open on Feb. 3 and close on March 13.

Compagnie Financière de Suez previously issued 970,000 certificates in June last year, priced at 580 francs. The certificates were quoted

BT-Mitel Accord Party Approved

LONDON — The Trade and Industry Department said Monday that it has given conditional clearance to British Telecommunications PLC to take a majority stake in Mitel Corp., a Canadian manufacturer of telephone-switching gear. The decision follows a six-month investigation of the proposed 300-million-Canadian-dollar (\$214-million) transaction by the British Monopolies Commission.

The government conditioned its approval on the two companies holding their joint sales in Britain to 1985 levels, a requirement that would effectively curb the future marketing of Mitel's telecommunications equipment in Britain.

A BT spokesman said the company is studying the decision.

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Table with multiple columns for various companies (Canada Packers, United States, Air Products & Chem., etc.) and their financial results for 1985 and 1984.

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Advertisement for Escorts & Guides, International Classified, and various travel services including LA Ventura, Zurich-Geneva, and others.

Westland Says Plan Revised

(Continued from Page 11) opponents of the U.S.-Italian rescue offer, United Technologies and Fiat acquired 9.3 percent of the shares and made arrangements under which they may purchase another 4.3 percent.

But M&G Group PLC, an investment manager at M&G, said the company was unhappy that United and Fiat had bought Westland shares from certain institutions at prices twice as high as those at which shares would be sold under the rescue plan. Mr. Jackson suggested that such buying was unfair to small shareholders.

Alan Bristow, the former owner of a helicopter-transport service who has amassed a stake of about 18 percent in Westland, is seeking to block the U.S.-Italian rescue in favor of the European offer.

The European consortium — which comprises British Aerospace PLC, General Electric Co. of Britain, Agusta SPA of Italy, Aerospatiale of France and Messerschmitt-Bölkow-Blohm GmbH of West Germany — has agreed to inject \$39 million into Westland as part of a similar financial restructuring.

The consortium has championed pan-European collaboration and argued that Westland would be overdependent on U.S. technology under the U.S.-Italian plan.

The consortium has championed pan-European collaboration and argued that Westland would be overdependent on U.S. technology under the U.S.-Italian plan.

Paper Says GM Looks at Leyland

DETROIT — General Motors Corp. may purchase Leyland Vehicles, the British state-owned company that makes buses and trucks, Automotive News, a weekly trade publication, said Monday.

It is not clear, however, whether GM also is thinking about buying Land Rover, the Leyland division that builds four-wheel-drive vehicles and plans to market its Range Rover model in the United States this year, the publication said. Last week, GM bought a majority interest in another British automaker, Group Lotus.

Dividends

Table listing dividends for various companies including American Express, American International, and others.

Vertical advertisement on the left side of the page, including 'Don't Gamble on CURRENCY SWINGS' and 'Worldollar Corp.' information.

Latin Debtors Tell Creditors That Growth Is the Priority

(Continued from Page 11) Both he and Mr. Wiesner Durin of the IMF emphasized that adjustment programs are not anti-growth but rather essential to assure that sustainable growth patterns are established.

The aim, as many of the conference speakers noted, is to enhance the quality of the hundreds of billions of dollars in bank loans already outstanding by shoring up the lenders' capacity to repay.

But even this issue is contentious, with Mr. Silva Herzog questioning whether adding more debt can solve the debt problem. "It could be possible," he said. "If interest rates were 2 to 3 percent (percentage points) lower."

Michel Camdessus, governor of the Banque de France, noting that interest rates had declined substantially since the outbreak of the debt crisis, agreed that rates need to fall further.

Eastern Talks Break Down; Cooling-Off Period Starts

MIAMI — Contract talks between Eastern Airlines and its pilots union have broken down, and a 30-day cooling-off period began Monday that could lead to a strike as early as Feb. 26, officials said.

The talks between the carrier and representatives of the Air Line Pilots Association broke down late Sunday in Washington. The company rejected a proposal for binding arbitration.

The National Labor Relations Board declared the negotiations were at an impasse, triggering the cooling-off period required by law before Eastern's 4,588 pilots are free to strike.

Eastern's flight attendants already have completed a cooling-off period since an impasse was declared in their contract talks, but union officials have said they will not call a walkout before March 1.

Mixed Signals Being Given On Gold, Oil

(Continued from Page 11) The commission will be issuing three proposals to amend its charter, signifying what in its own view are the areas where it might improve regulation of the futures markets.

The most controversial of these is likely to be its suggestion that so-called leverage contracts — in effect, off-exchange commodity futures — be banned for good.

Only a small number of firms are even allowed to offer these contracts, and they have come under heavy criticism, especially from the exchanges with which they compete.

In addition, the CFTC will be proposing that it be given broader powers to review disciplinary and other actions by the National Futures Association, the main self-regulatory body, and that its enforcement powers be strengthened over foreign nationals.

CURRENCY MARKETS Dollar Ends Lower on Rates Outlook

NEW YORK — The dollar closed sharply lower Monday in the United States and Europe amid mounting speculation that Japan will shortly cut its discount rate, leading to a similar move by the Federal Reserve Board in the not-too-distant future.

The British pound recovered from a record low set at the opening against the Deutsche mark as oil prices stabilized late in the day.

The market outlook is for a spate of interest rate cuts over the next month or so, led by Japan," said one trader, adding that the improved inflation prospects after the recent oil-price slump has given the Fed even more leeway to cut rates.

Dealers said they expect the market to push the dollar further upward the key 150-year level after Japan's finance minister, Noboru Takeshita, said last week that the Japanese economy could sustain

such a rate in current economic conditions. They added that markets now will probably push the dollar steadily toward 2.35 DM in the short-term now that the 2.40-level has been breached.

In New York, the dollar dropped to a seven-year low of 195.05 yen from 195.75 on Friday, and to 2.3910 DM from 2.4060 on Friday. It marked the dollar's first close under the important 2.40-level in nearly two years.

The U.S. currency also closed in New York at 7.3475 French francs, down from 7.4000 there on Friday, and at 2.0275 Swiss francs, down from 2.0400.

In earlier trading in Europe, the dollar ended in London at 2.3985 DM, down from 2.4025 at the opening and Friday's close of 2.4190 DM. Dealers said volume was fairly low and trading nervous after last week's sharp downward movement.

The dollar also ended in London at 195.82 yen, down slightly from its close on Friday of 196.05, and at 2.0350 Swiss francs, down from 2.0465.

In other European markets Monday, the dollar was fixed at mid-afternoon in Frankfurt at 2.3985 DM, down from 2.4262 at the Friday fixing, and at 7.3695 French francs in Paris, down from 7.4580. In Zurich, the dollar fell to 2.0353 Swiss francs from 2.0445 at the Friday close.

The British pound, meanwhile, firmed at the close in London to 3.3395 DM from its opening 3.3125, but was still down sharply from its previous close of 3.3725. It also rallied against the dollar after a weak opening, ending the session at 1.3923, just below its close on Friday of 1.3943.

In later trading in New York, the dollar closed at \$1.3970, virtually unchanged from \$1.3940 there on Friday. (Reuters, IHT)

Dresdner Makes Rights Issue

FRANKFURT — Dresdner Bank AG is making a 1-for-14 rights issue to raise nominal capital by 100 million Deutsche marks (\$41.9 million) to about 1.24 billion DM, a bank spokesman said Monday.

The shares, which will qualify for a full 1986 dividend, will be offered between March 3 and 17 at 330 DM per nominal 50 DM. The offering will raise 660 million DM cash. The bank is also offering a 400-million-DM domestic bond with share warrants, using 100 million DM of conditional capital. The bonds will be issued to existing shareholders through a rights system. The bank will raise its dividend above 1984's 7.50 DM.

Two other major West German banks, Berliner Handels- und Bank AG, have made rights issues in the past three weeks.

Eastern Airlines Chief Assesses Crisis

(Continued from Page 11) union leaders to gain control of Eastern by having their rank and file buy stock?

A. That won't make an awful lot of sense unless the airline is restructured. The so-called concessions we've been able to achieve in the past three years have really not resulted in reductions. We've given them stock and debentures. So now we are faced with the final piece of this puzzle, which is just to reduce the costs. Who controls the airline makes little or no difference. They will still have the same problem.

Q. Have the lenders put definite requirements on you?

A. The lenders have not involved themselves in the management of the airline. They have said simply, the world has changed, the environment has changed. We don't think that Eastern is an ongoing viable business unless you restructure the costs. Therefore, we are unwilling to extend the covenants — which they have been willing to do in the past — unless you fix it. We have given them a business plan based on the

proposals we have made and they expect us to deliver. Q. Has there been any indication by the board or anyone else that your job is on the line?

A. I don't think so. This has been my heart and soul, this company. I care a great deal about the employees. At Continental, before filing for Chapter 11, the unions went in to the board and said, "Look, you get rid of Lorenzo and we'll do what you want." You know what happened in the United States. It all focused on Ferris. At TWA, it all focused on Meyer.

Richard J. Ferris is chairman of United Airlines. C.E. Meyer Jr. is a former president of Trans World Airlines.

Q. Would you have done things differently, maybe sought deeper concessions from labor earlier?

A. The crux of this problem was our 1983 agreement with the machinists' union. It was a 30-percent compounded increase that we simply could not afford. It finally came down to the analysis of our cash reserves. We found, in a final analysis, that we would only pause briefly

in Chapter 11 and that we would go right through to liquidation. We made a decision that was the toughest I've ever made in my life. It cost me a lot of credibility with the employees and with the business community. The board agreed we simply couldn't take a strike. After we came to that agreement, we did something we could not afford. That destabilized us, and we've been fighting back ever since and we have come back. We've had a small profit this year. You asked if I could have done anything different? Probably not, because we put survival first.

Q. How did you manage to get through to liquidation. We made a decision that was the toughest I've ever made in my life. It cost me a lot of credibility with the employees and with the business community. The board agreed we simply couldn't take a strike. After we came to that agreement, we did something we could not afford. That destabilized us, and we've been fighting back ever since and we have come back. We've had a small profit this year. You asked if I could have done anything different? Probably not, because we put survival first.

German Cost of Living Rose 0.2% in January

WIESBADEN, West Germany — West Germany's cost of living rose a provisional 0.2 percent in January from December to stand 1.4 percent higher than a year earlier, the government reported Monday.

In December, the index, with a base of 1980, rose 0.1 percent compared with November.

THE EUROMARKETS Primary Sector Is Active, Secondary Quiet

By Christopher Pizzev LONDON — The primary sector of the Eurobond market was active Monday, but the secondary area was quiet, with prices generally showing slight gains on the day, dealers said.

They added that operators in the dollar-straight and floating-rate sectors still appeared to be waiting for a significant move on the U.S. credit markets. "It's difficult to assess what's going on in the [U.S.] market right now. It's not moving much so there's no real incentive for us to move our prices," said a dollar-straight trader at a U.S. bank.

The day's most well received issue was a \$200-million equity warrants deal for Fujitsu Ltd. The five-year bond issue has an indicated coupon of 4% percent and par-price interest by Nikko Securities Co. (Europe), it was trading on the market at about 106. The State Bank of South Australia

launched a \$100-million bond issue paying 9 1/2 percent over seven years and priced at par. It was launched by Deutsche Bank Capital Markets and was trading on the market within the 2-percent fees at a discount of 1 1/4.

The Council of Europe launched a \$150-million, 10-year bond issue that pays 9 1/2 percent and was priced at 100 1/4. It was quoted at a discount of 1 1/4, comfortably within the total fees of 2 percent. Bankers Trust International was the lead manager.

Two dollar straight for Scandinavian names were launched, the first being a \$100-million bond issue for Forsmark Kraftgrupp AB, carrying the guarantee of Sweden. The five-year issue pays 8 1/4 percent and was priced at 100 3/4. Svenska International was the lead manager and the issue was quoted inside the 1 1/4-percent fees at a discount of 1 1/4.

Kemira Holdings Inc. issued an \$85-million bond issue paying 9 1/4 percent over five years and priced at 100 1/4. Credit Suisse First Boston Ltd. was the lead manager.

The floating-rate-note sector saw a new issue from Central International, a unit of Spain's Banco Central SA. The \$150-million, 20-year note issue has put options after 12 and 15 years and pays 1/16 point over the three-month London interbank offered rate. Bankers Trust International lead-managed the issue.

The Washington Post Co. issued a \$7.25-billion European-currency-unit bond through Salomon Brothers International. The 10-year issue pays 8 1/2 percent and was priced at 100 1/4. It was quoted on the market around the total fees of 2 percent.

Back in the secondary markets, the sterling-straight sector was still nervously watching sterling's movements on the foreign-exchange market while Japanese convertibles were firmer after a moderate day's activity, dealers added.

Monday's OTC Prices NASDAQ prices as of 3 p.m. New York time. Via The Associated Press

Table with columns: 12 Month High, Low, Stock, Div. Yld., Sales, High, Low, 3 P.M. Close, Net. Lists various OTC stocks and their prices.

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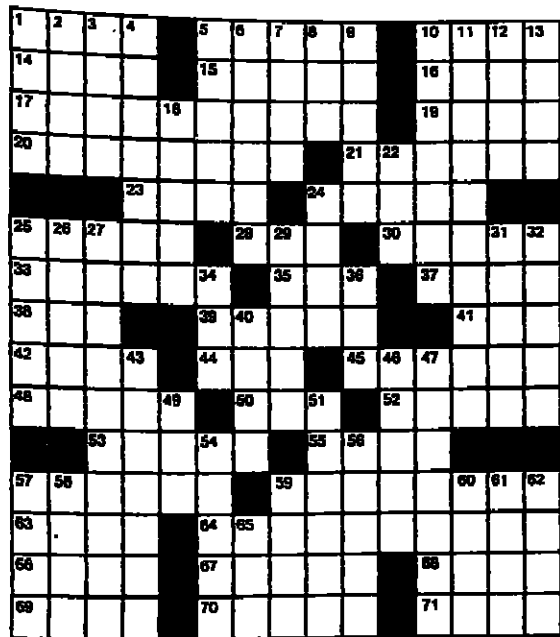
Table with columns: 12 Month High, Low, Stock, Div. Yld., Sales, High, Low, 3 P.M. Close, Net. Lists various OTC stocks and their prices.

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Scales figures are unofficial. Varsity highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has occurred since the year's high-low range and dividend are shown for the stock only. Unless otherwise noted, round lots are in 100 shares. Dividends are annual dividends based on the latest declaration. D — annual rate of dividend plus stock dividend. C — call. G — dividend declared or paid in preceding 12 months. S — dividend in Canadian dollars, subject to 15% non-residence tax. — dividend declared other split-up or stock dividend. — dividend declared or paid in preceding 12 months, or no action taken at latest dividend meeting. — dividend declared or paid this year, on accumulative basis with dividends in arrears. — new issue in the past 60 weeks. The high-low range begins with the start of trading. — dividend declared or paid in preceding 12 months plus 1/2 dividend. — stock split. Dividend paid with date of split. — split. — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. — trading notice. — in bankruptcy or reorganization or been reorganized under the Bankruptcy Act, or securities consumed by such companies. — when listed. — when unlisted. — on-dividend or ex-rights. — on-dividend. — on-dividend and sales in full. — without dividend. — sales in full.



ACROSS

1 Vendition
5 Bouillon
10 Blemish
14 Ornament shaped like an egg
15 Lofly nest
16 Actress-writer Chase
17 Summer resort off 64 Across
19 Seine tributary
20 Dislike
21 Driary
23 Soprano
24 Jurinac
24 Cuban patriot: 1853-95
25 Mist
28 Love birds, e.g.
30 Mush made from buckwheat
33 Expressed a view
35 New Deal agcy.
37 Slush
38 Actor Chaney
39 Enthusiasm
41 Viper
42 Word with hat or shoe
44 A Stodge
45 Eve part
48 Chest a customer
49 Heavenly body
52 Award for Retton

DOWN

1 Couch
2 Tel
3 Seduce
4 "Concord
5 "Hymn" author
6 Washbowl or sink
7 Sergeant's command
8 So in its symbol
9 Wapper or Gabler
10 Nazis
11 A neighbor of 64 Across
12 Soup ingredient
13 Oriental
15 62 June 6, 1944
16 A dab for Alsab

178/86

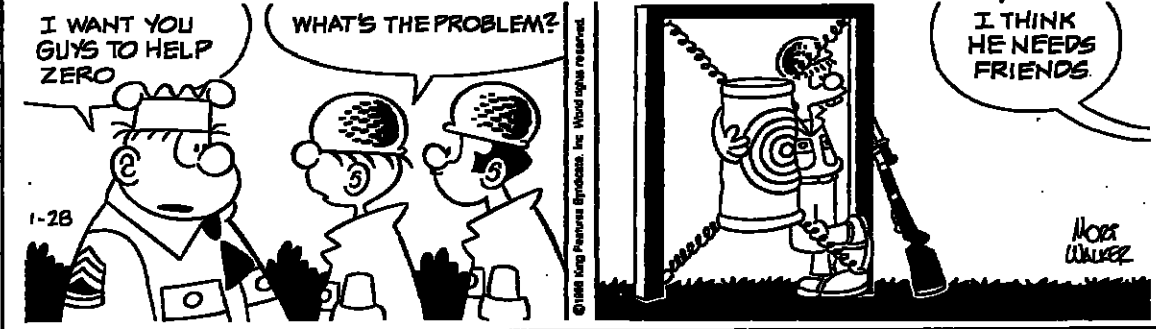
PEANUTS



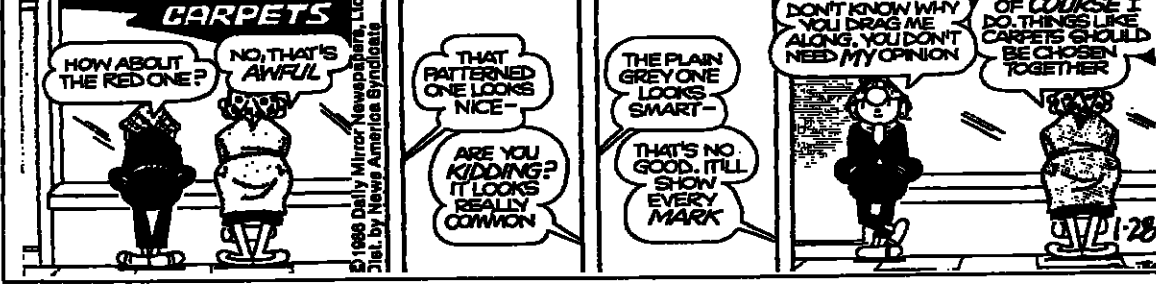
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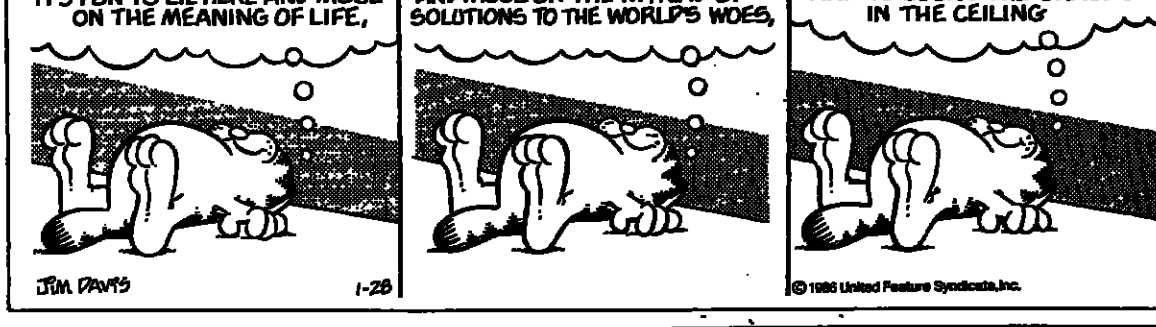
WIZARD OF ID



REX MORGAN



GARFIELD



DENNIS THE MENACE



"I HOPE YOU DON'T GET TOLONESOME, MR. WILSON. MY MOM SAYS I CAN'T COME OVER 'TIL THE BLIZZARD STOPS."

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

CASIB
YAVEH
YAXTIL
BALIVE

Answer here: "HIS" (Answers tomorrow)

Yesterday's Jumble: COUGH JUMBO BUCKLE ANTHOW
Answer: What that invisible man definitely was not—MUCH TO LOOK AT

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	14	7	Alaska	4	0
Amsterdam	13	5	Alaska	4	0
Berlin	7	0	Alaska	4	0
Bombay	27	18	Alaska	4	0
Buenos Aires	14	7	Alaska	4	0
Calcutta	27	18	Alaska	4	0
London	12	5	Alaska	4	0
Los Angeles	14	7	Alaska	4	0
Manila	27	18	Alaska	4	0
Medan	27	18	Alaska	4	0
Paris	12	5	Alaska	4	0
Prague	12	5	Alaska	4	0
San Francisco	14	7	Alaska	4	0
Singapore	27	18	Alaska	4	0
Tokyo	14	7	Alaska	4	0
Washington	14	7	Alaska	4	0
Yokohama	14	7	Alaska	4	0

World Stock Markets

Via Agence France-Presse Jan. 27
Closing prices in local currencies unless otherwise indicated.

Market	Index	Change
Amsterdam	375.50	+20.50
Bombay	202.25	+22.25
London	272.50	+2.50
Manila	272.50	+2.50
Paris	272.50	+2.50
Singapore	272.50	+2.50
Tokyo	272.50	+2.50
Washington	272.50	+2.50
Yokohama	272.50	+2.50

BOOKS

PEOPLE WILL TALK
By John Kobal, 728 pages. Illustrated. \$25.
Alfred A. Knopf, 201 East 40th Street, New York, N. Y. 10022.
Reviewed by John Gross

"People Will Talk" the film historian John Kobal has written up 41 of the interviews with vintage Hollywood personalities that he has been taping since the early days of his career — the first of them featuring such veterans of the silent era as Dorothy Gish and Colleen Moore, dating from 1944, the most recent recorded within the past year or two.

More than half those interviewed are stars or former stars, all but one of them (Joel McCrea) women. But Kobal has also found space for the testimony of choreographers, designers, several directors, including Lewis Milestone and Henry Hathaway, a producer (Arthur Freed of the MGM musicals) and some of the men who took portrait photographs for the studios.

It is a labor of love, a labor of love would be a serious understatement. It is a labor of infatuation, of lifelong enslavement. Kobal begins by describing how he spent a childhood breathing and dreaming movies; how the first movie legend he succeeded in tracking down, when he was still very young, was Marlene Dietrich — he went to Toronto, where she was appearing, and bluffed his way into her presence by pretending to be a journalist; how when he met her, off-screen reality lived up to his most enraptured expectations, as on the whole it has continued to do ever since.

Sooner or later, he reports, most of the stars he has met have given off the glow of whatever it is that makes them stars, and in writing about them he often strikes a correspondingly vibrant note. Playing back the tapes of his interviews, he finds that Anna Sten's voice is "as high and bright as a chandelier and as light as a breeze stirring the crystals."

Nor does he seem to have suffered from any tight-lipped inhibitions when talking to his subjects. He is capable of telling someone — well, idols. He is capable of telling someone — well, idols. He is capable of telling someone — well, idols. He is capable of telling someone — well, idols.

CHESS

By Robert Byrne

VICTOR KORCHNOI peaked at the wrong moment. The man who contested three grueling championship matches with Anatoly Karpov — in 1974, 1978 and 1981 — failed to qualify for the candidates matches for the first time this year. Yet right afterward, the 54-year-old grandmaster, who lives in Switzerland, hit excellent form to achieve the best individual performance in the first World Team Championship in Lucerne.

Korchnoi, playing every round on board one, scored a blazing 7½-1½.

He used his old skill in the endgame to vanquish the British grandmaster John Nunn.

For a couple of years now, Korchnoi has been successfully dabbling in the classical French with 3... N-KB3. It used to be thought that this was no way to go about winning a game.

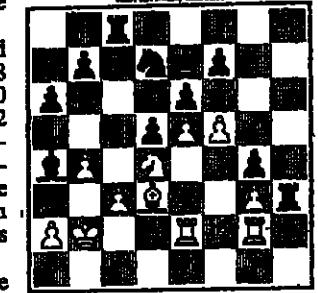
In the Steinitz line with 5 P-B4, it had attracted attention for Black after 7... B-K3, 7... Q-N3; 8 N-QR4, Q-N3ch; 9 P-B3, P-P; 10 P-QR4, N-N3ch; 11 P-N3, BxP; 12 K-N2, BxP; 13 K-R3, BxP; 14 K-B2, B-R3; 15 N-KB3, P-Q; 16 N-N2, N-P; 17 BxP, Black's compensation for the piece is not quite sufficient.

On the other hand, the old line with 7... P-P; 8 K-N2, B-B4; 9 Q-Q2, N-N3; 10 BxN, BxP; 11 QxR, Q-N3; 12 QxQ, NxQ produces an endgame that has always been supposed to favor White because Black has retained his queen bishop, the one blocked by his center pawns.

Korchnoi set out to prove this untrue, and he soon got some help from Nunn. The mercurious protection with 17 P-KN3 was seized upon by Korchnoi's 19... Q-R4! KNI! It opened a front on the king's wing with 20... P-KN4! Nunn should have prevented this by 20 P-KR4.

The point could be seen after 24 P-P; Black enjoyed control of the open KR file, while the white rooks were limited in their response because one was rooted to the guarding of the KP; White had a potential target in the black KP, but how could he bring another piece to bear on it?

Why, then, didn't Nunn try to venture a gambit with 28 KxP, RxBP; 29 B-B2, N-N3ch; 30 K-N5, since R4ch; 9 P-B3, P-P; 10 P-QR4, N-N3ch; 11 P-N3, BxP; 12 K-N2, BxP; 13 K-R3, BxP; 14 K-B2, B-R3; 15 N-KB3, P-Q; 16 N-N2, N-P; 17 BxP, Black's compensation for the piece is not quite sufficient.



Position after 29 R/1-N2.

On 29 R/1-N2, Korchnoi began a powerful infiltration with 29... B-Q8; 30 R-K3 (30 R-K1, B-B6; 31 R/2-N1, P-N4) would threaten 33... N-N3 followed by 34... N-R5ch and 35... R-R7, N-N3.

After 34 K-B1, RxBPch! White must lose the exchange after 35 KxB, RxBch; 36 BxR, RxB, so Nunn gave up.

Bears
SCOREB
High Low Close Chg
2890 Mellon A I 5204 1946 30 + 36
4000 Mellon B I 5176 1946 12 + 16
2000 Mellon C I 5150 1946 12 + 16
2000 Mellon D I 5124 1946 12 + 16
2000 Mellon E I 5098 1946 12 + 16
2000 Mellon F I 5072 1946 12 + 16
2000 Mellon G I 5046 1946 12 + 16
2000 Mellon H I 5020 1946 12 + 16
2000 Mellon I I 4994 1946 12 + 16
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2000 Mellon AD I 4448 1946 12 + 16
2000 Mellon AE I 4422 1946 12 + 16
2000 Mellon AF I 4396 1946 12 + 16
2000 Mellon AG I 4370 1946 12 + 16
2000 Mellon AH I 4344 1946 12 + 16
2000 Mellon AI I 4318 1946 12 + 16
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2000 Mellon AT I 4032 1946 12 + 16
2000 Mellon AU I 4006 1946 12 + 16
2000 Mellon AV I 3980 1946 12 + 16
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2000 Mellon BG I 3694 1946 12 + 16
2000 Mellon BH I 3668 1946 12 + 16
2000 Mellon BI I 3642 1946 12 + 16
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2000 Mellon BS I 3382 1946 12 + 16
2000 Mellon BT I 3356 1946 12 + 16
2000 Mellon BU I 3330 1946 12 + 16
2000 Mellon BV I 3304 1946 12 + 16
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2000 Mellon CV I 2628 1946 12 + 16
2000 Mellon CW I 2602 1946 12 + 16
2000 Mellon CX I 2576 1946 12 + 16
2000 Mellon CY I 2550 1946 12 + 16
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SPORTS

Bears Demolish Patriots, 46-10

By Gary Pomerantz
Washington Post Service
NEW ORLEANS — Sunday's Super Bowl XX, a 46-10 demolition derby, brought the Bears and the city of Chicago their first National Football League title since 1963.

No team in Super Bowl history had ever scored more points or won by a bigger margin. Said Chicago Coach Mike Ditka, "It was a long way, but it was worth it. A lot of dreams have been fulfilled, a lot of frustrations have been ended. I don't think the '63 defense could stand up to this one. These guys are awesome."

"The fumbles I saw — they knocked the tar out of us," said New England Coach Raymond Berry. "I just don't think there is one more darn thing we could have done."

The Bear defense racked up seven sacks — including a fourth-quarter safety by reserve tackle Henry Wachter — and caused six turnovers that led to 24 points. Furthermore, it limited the Patriots to a Super Bowl-record minus-19 yards in total yardage in the first half, when the Bears built a 23-3 lead.

The defense also forced starting quarterback Tony Eason to miss on all six of his passes before he was benched for good with five minutes left in the first half. New England's running game? Eleven carries netted seven yards. Running back Craig James — five carries, one yard, one lost fumble — looked like an inmate butting his head against a cell wall.

The Bear defense yielded a total of 10 points in three possession games; all 10 came Sunday. In the first three evolved from a three-play, zero-yard drive after Walter Payton fumbled at the Chicago 19 on the game's second play. The others came on an eight-yard Steve Grogan-Irving Fryar pass for the game's final touchdown early in the fourth quarter.

Defensive end Richard Dent was voted the game's most valuable player. He forced two first-half fumbles and shared three sacks, remarkable production for a guy who considered sitting this one out to protest his \$90,000 contract for this season.

McMahon alternated receivers and passed for 256 yards. He also ran for two short touchdowns be-

fore a sprained wrist put him on the bench at the end of the third quarter. Moments earlier, a one-yard touchdown flop by rookie William (The Refrigerator) Perry had made the score 44-3.

Receiver Willie Gault caught four passes for 129 yards, and rookie Kevin Butler kicked three field goals. But Sunday's lasting memory will be of Chicago's defense.

How dominant is it? When cornerback Reggie Phillips made a 26-yard TD return off a deflected pass for a 37-3 third-period lead, he became the ninth Chicago defender to score a touchdown this year.

And just imagine what the score might have been if Payton, the league's all-time leading rusher, had gained more than 61 yards on his 22 carries. "I feel real bad for No. 34," said McMahon. "He waited a long time to get here and I know he's not feeling too well right now."

In three previous road playoff victories, New England had averaged 42 running plays and 14 passes per game. But Berry called for Eason to throw on seven of the Patriots' 10 first-quarter offensive plays. The result was five incompletions and two sacks. One of those sacks was by Dent, and caused a fumble the Bears recovered at the New England 13; that led to Butler's second field goal and a 6-3 lead with 1:26 left in the first quarter.

"I didn't think we could just run the ball down the Bears' throats," said Berry. "I thought it was really important to get some balance back in our offense."

Sixteen seconds after Butler's go-ahead field goal, James was hammered in the backfield by Dent and sent the ball to the Bears at the Patriot 13. Fullback Matt Suhey ran 11 yards for a touchdown, taking a pitch right, then bulling forward for the 13-3 lead.

The lead had hit 20-3 when Berry decided to make his move with 5:08 left in the half. He yanked Eason and replaced him with Grogan, the 11-year veteran who hadn't played in a game in two months because of a knee injury. "I saw the confusion in his eyes," said linebacker Mike Singletary of Eason. "We got to him early and I think he got rattled."

The Bears had outscored their opponents by 245-71 in the second half of games this season. The third quarter opened with Grogan being sacked by tackle Steve McMichael, then by linebacker Otis Wilson. Following a New England punt, McMahon connected with Gault for 60 yards, which helped set up McMahon's one-yard touchdown run. The lead was 30-3 with 7:22 left in the quarter. So much for a Patriot comeback.

The rest of Super Bowl XX was played for posterity. In the end it — and the season — belonged to Chicago.

Roasting Yet Another Turkey

By Scott Ostler
Los Angeles Times Service

NEW ORLEANS — It seemed so clear two weeks ago.

The New England Patriots, with no passing attack, a robot quarterback and a workmanlike but unflashy defense, didn't stand a chance against the confident, tough, swaggering Chicago Bears.

So how did we all get talked into believing it would be a contest? Why, some of us even got to thinking the Patriots had a chance to win the thing. Yep, we all hyped another turkey.

Figure it out. The Super Bowl is the longest running nonevent in the entertainment world. In the 20 games, the average winning margin has been 14.5 points. Only one has been decided by the margin of a field goal or less.

How do we get reeled in every January like 200 million rambow trout? How is the National Football League able to pull off its cute bruno scheme every year?

It starts with the league's knowing that a bad game, like a good wine, needs time to age. So they give it an extra week.

Along with artificial stunts, that gives the bad team time to convince itself that it has a chance and the good team time to magify tiny worries into scenarios of possible disaster.

It gives the media time to explore more angles than actually exist, pouring out so many stories and radio and television reports that we're blinded by the light, buried by the blather.

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Defensive end Richard Dent, the Super Bowl's most valuable player, was in full roar after sacking quarterback Tony Eason.

Bird Soars in Second Half to Help Celtics Nip 76ers



Larry Bird, thwarting a shot by the 76ers' Charles Barkley.

Compiled by Our Staff From Dispatches
BOSTON — At halftime, Larry Bird had only 6 points on 3-for-11 shooting, but rightly enough the Philadelphia 76ers were uneasy. "You always know he's there," said losing coach Matt Guokas, after Bird scored 22 second-half points to rally the Boston Celtics to a 105-103 National Basketball Association victory here Sunday.

NBA FOCUS

With their eighth straight victory and 12th in 13 games, the Celtics topped their home record to 20-1. Philadelphia, losing for only the third time in 20 games, saw the end of a four-game winning streak. "Bird really got it going for them," Guokas said. "It wasn't just the 3-pointers — he makes plays for other people, he rebounds. You just know he's going to be there down the stretch. Once he gets it flowing, he's tough to stop."

One hallmark of an NBA power is the ability to replace hurting starters. Bill Walton (19 points) and Scott Wedman (16) filled in more than effectively for forward Kevin McHale. McHale, who has given the 76ers fits over the past few seasons, was sidelined for the second straight game with a sore left Achilles heel.

"You can't play with tired people and be effective, so I wasn't hesitant to go to the bench," said Celtics Coach K.C. Jones. "The contributions always seem to be great, but those from Bill and the rest of the bench have been substantial."

The Celtics, who trailed by as many as 13 points before Bird found his touch, blew an eight-point lead in the fourth period before rallying down the stretch. Bird also had 14 rebounds, 6 assists and 4 steals while going over the 20-point mark for the 16th game in a row.

After Boston took a 51-50 halftime edge, Philadelphia went on a 20-4 tear for a 74-61 lead with five minutes left in the third period. But the Celtics replied with a 21-4 run as Bird scored 11 points (9 on three straight 3-pointers) and Walton canned four shots. Boston had an 88-80 lead in the fourth period, but the 76ers, spurred by Barkley, went on a 13-2 surge for a 93-90 lead.

With a minute left Philadelphia led by 99-98, but Bird hit a lay-up and a free throw. Moses Malone hit one of two foul shots, but Walton retaliated with two. Maurice Cheeks closed Boston's lead to 103-102 with two free throws with 30 seconds left before Dennis Johnson iced the victory with two foul shots with three seconds to go. (AP, UP)

SCOREBOARD

Football

Super Bowl Records

Table containing Super Bowl records for individual scoring, rushing, passing, punting, kicking, fumbles, and team scoring across various categories like Most Points, Most Touchdowns, etc.

Super Bowl Summaries

Table summarizing Super Bowl games from I to XX, listing the teams, scores, MVPs, and key statistics.

Basketball

NBA Standings

Table showing NBA standings for Eastern and Western Conferences, including team names, wins, losses, and percentages.

Super Bowl MVPs

Table listing Super Bowl MVPs from Super Bowl I to Super Bowl XX, including player names and their teams.

Transition

WASHINGTON — Announced it will exercise the option year in the contract of Jeff Borner, center, the Redskins.

College

Table listing college basketball results, including team names and scores.

Top 20 Results

Table listing the top 20 results in various sports, including golf, tennis, and other events.

Golf

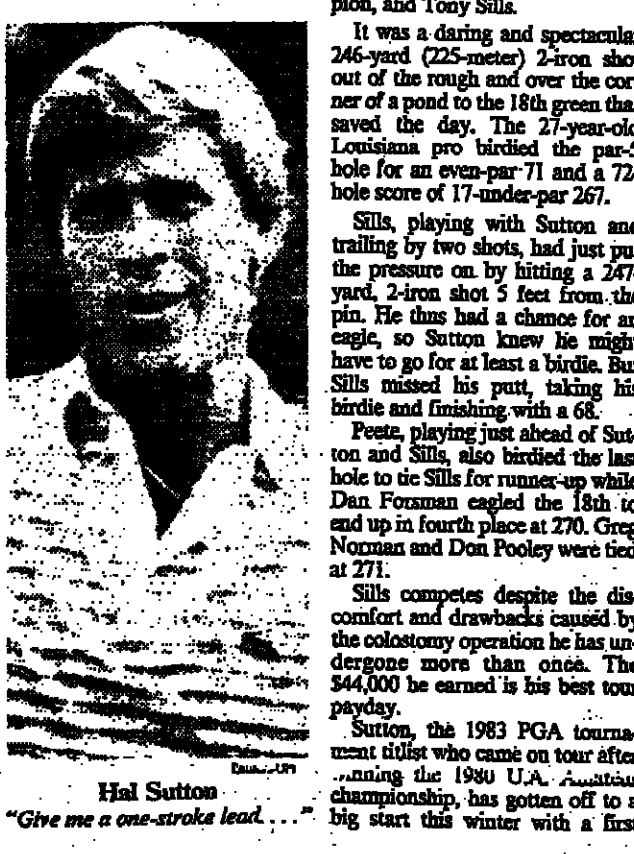
Table listing golf tournament results, including player names and scores.

Sutton 2-Shot Phoenix Open Winner

By Gordon S. White Jr.
New York Times Service
PHOENIX, Arizona — Hal Sutton, the leading golfer on the Professional Golfers Association tour so far this year by the measure of scoring and finishes, said, "You give me a one-stroke lead with nine holes to go and I'll play anyone in the world."

Minnesota May Cancel Rest of Season

Compiled by Our Staff From Dispatches
MINNEAPOLIS — University of Minnesota President Kenneth Keller was to decide Monday whether to cancel the rest of the school's 1985-86 basketball schedule.



Hal Sutton "Give me a one-stroke lead."

Handwritten text at the bottom of the page: "الطريق الى النجاح"

ART BUCHWALD

Seeing Is Not Believing

WASHINGTON — The country seems to be divided between those who have seen Halley's comet and those who say they have. It isn't like 1910, when everyone did see it. This time if you blinked your eyes you could easily have missed it.



Buchwald

Yes, as Halley's comet fades behind the sun, more and more Americans are pretending they sighted it. These citizens will tell you, "I saw Halley's comet last night with my opera glasses."

There is no reason for you to doubt them until you remember it was so foggy last night that they had to shut down the airport. Why do otherwise honest people, the pillars of our communities, many who wouldn't even pick up a discarded newspaper from a bus, lie about what they saw in the heavens?

The answer is that since Halley's comet has been so hard to spot, status seekers are forced to resort to perjury in order to impress their friends.

If claiming you saw the comet when you didn't is just a way of keeping up with the Joneses, then I say more power to the fibber. But what makes this practice so des-

tardly is that it does injustice to the people who actually have spotted it.

Those who stood outside all night in the freezing cold stabbing their fingers at the skies deserve a lot more respect than the ones who stayed in bed with their heads under the blankets looking at photos of Halley's in People magazine.

The reason I am incensed about all this is that I happened to see Halley's comet the other night. I refused to mention it to anyone because it's the sighting and not the bragging that counts with me.

Then Novak came down the hall and claimed that he had seen it. I have been suspicious of Novak's comet sightings ever since he announced in 1973 that he had viewed Kobounek and told everyone it was on a crash course with earth.

The people in the office were quite impressed that Novak had seen Halley's comet, but no one thought to find out if he was telling the truth.

"What did it look like?" I wanted to know.

He replied, "A dirty snowball." He could easily have read that in Penthouse magazine, so I asked him, "How long was it?"

"As long as the dirtiest snowball I've ever seen," Novak replied.

"That long?" I said. "Did you see the tail on it?"

I thought I had him. Novak said, "It was too dirty to see the tail. I was lucky to get a glimpse of its mouth."

I was leading him right into a trap. "And what did the mouth look like?"

"A big dirty snowball streaking across the sky."

"Did it fly past the moon?"

"Of course it flew past the moon. What kind of comet do you think it is?"

"Not so fast, Novak," I said. "I saw Halley's comet last night and it was nowhere near the moon."

"Well, it was so dirty I couldn't tell what it was passing. All I know is the sky is falling."

"People have been lying about Halley's comet for 2,225 years," Novak was adamant. "I know what I saw. It was a snowball, and it whizzed right past the moon."

"Where was it going?"

"It was on a crash course with earth."

No Standing on Ceremony: Kobo Abe, a Writer Apart

By David Rernick Washington Post Service

NEW YORK — Kobo Abe, one of Japan's foremost novelists, is a trained physician, and yet he disavows any comparison with Chekhov, William Carlos Williams or any other author in the long line of literary M.D.s.

"There's a big difference," he said. "If you were to break your arm on your way out of this room, I'm afraid I wouldn't be able to do a thing for you. I'd probably just make you worse."

Abe was a skilled mathematician as a young man, and his fascination with all the sciences infuses his imagination and language in such novels as "Secret Rendezvous," "The Face of Another," "Inter Ice Age 4" and "The Ruined Map." His medical studies were less successful. As he tells the story, he cut a deal with one of his professors that he be awarded the title of doctor on the condition he never practice medicine.

"You see," said Abe, "Chekhov was the real thing. I am a fake. So please, do not break your arm."

Abe's prose fiction stands outside Japanese traditions in both subject and form. His books sell widely not only in Japan, but in the United States, the Soviet Union and Eastern Europe.

"Japanese readers don't understand me better or worse than anyone else," he said. "There is no role for me as a rootless."

Abe's tales are universal, dark, ironic. "The Woman in the Dunes," his best-known novel, a mythic story of a man held captive in a remote sand pit, rings of Kafka. There are no samurai warriors, no tea ceremonies.

"I got a little tired of hearing about tea ceremonies," Abe said in a recent interview, while in New York for the international PEN congress. "I think tea ceremonies are for tourist brochures and the propaganda put out by Japan Air Lines."

Abe studied Chinese, English and German, but cannot read or speak any foreign language. He spoke through a translator, the Japanese literary scholar Donald Keene. "It's ironic that Abe is

such an internationalist," said Keene, "but he has to rely on a translator like me."

At 62, an age when a literary figure of his stature would normally attract endless tributes, Abe remains aloof from the Japanese literary establishment.

He lives with his wife Machi in a house just a few miles outside Tokyo, but he despises the mail, refuses invitations and rarely answers the phone.

"I get angry when I meet new people," he said.

Asked what Japanese writers have influenced his work, Abe had a simple answer: "None." He first acquired a taste for literature through the tales of Lewis Carroll and Edgar Allan Poe.

For 20 years Abe divided his time between writing novels and directing plays written by himself and others, including his friends Arthur Miller and Harold Pinter. Abe's lifelong friend Seiji Tsutsumi, head of the Seibu department store chain in Japan, was his patron in the theater. For Abe's drama company, Tsutsumi spent more than \$1 billion building a horseshoe-shaped theater on the ninth floor of the Parco department store in the Shibuya district of Tokyo.

Abe gave up directing and writing plays about five years ago. "There is no country on earth less interested in the theater than Japan," he said. "I have come to despise 'ceremonies of all sorts,' and the theater, to Abe, is the most ceremonial of arts."

"I've felt for a few years that the interest around the world of ceremony is the mark of a new nationalism," he said. "I've rejected ceremony as much as I can. I didn't attend my daughter's wedding. I don't wear a necktie. The Japanese language is filled with layers of ceremony, but I avoid that as much as I can."

His distaste for nationalism is rooted in his past. He grew up in the eastern walled city of Mukden (now Shenyang) in Manchuria, which the Japanese had seized from China in 1931. He was fascinated by the city and appalled by the behavior of the Japanese Army during occupation. As a

testament to his ambivalence about Japan, he changed his name from Kimifusa to the more Chinese rendering, Kobo.

Abe was in high school during the war and though he once said, "I longed to be a little fascist," he never accepted the perverse nationalism of his country in the 1940s. When he heard of Japan's imminent defeat in late 1944, he was "overjoyed."

After medical school, Abe wrote his first serious stories, including "Dendrocaulia" about a "Mr. Everyman" who turns into a plant. He married, and he and Machi moved from place to place. They lived in Itoya's homes and in a shack on a burned field.

Like many Japanese intellectuals of the postwar period, Abe joined the Communist Party. He was an active member from 1950 to 1956, but became disillusioned after a visit to Budapest just before the Hungarian uprising. He drifted away from the party until he was formally expelled in 1962.

Abe plays no part in leftist politics, and the rightist politics of his friend Yukio Mishima made him feel ashamed. "Yet because of his Communist affiliations, the U.S. State Department deals harshly with Abe. Like Graham Greene and Gabriel Garcia Marquez, he has 'unreliability' status under the 1952 McCarran-Walter act. If he is allowed a tourist visa, it is severely restricted. He must report his whereabouts at all times."

Abe does not belong to Japanese PEN and came to the congress only because he was intrigued by the theme of "the imagination and the state." Abe sees the state and the imagination as constant opponents.

He told a panel he saw the juxtaposition of the two elements vividly while watching a television newscast of the Iraq-Iranian war. Amid the wreckage, the camera spotted a shattered copy of one of Dostoevsky's novels.

"It had the same impact on me as if I had seen a copy of Kafka in an Israeli army camp," said Abe. "I expressed perfectly my dread of nationalism. Dostoevsky, Kaf-

Kobo Abe: "Place has no role for me. I am rootless."

ka, these were writers who denied that sick sort of nationalism and particularism that has begun to rise not only in Iran, but in Japan and the United States."

Abe is revolted by the obsession with national origins. At New Year's the Japanese make a pilgrimage to the town of their birth, but Abe will have no part of that. He sees Nazi Germany as the manifestation of an emphasis on roots: "The Nazi persecution of urbanized Jewry was a corollary of Hitler's elevation of German peasant virtues. The peasants were tied to the soil. The Jews were not."

Rootlessness and loneliness are, for Abe, not sources of despair. They are the natural conditions and sources of hope.

Abe has come a long way since living in shacks and selling rice balls for a living. He has a passion for Moog synthesizers, expensive sports cars, stereo equipment. But for years, he was a traditionalist when it came to the equipment of his craft.

PEOPLE

Alberto Moravia, 78, Marries Divorcee, 32

The Italian writer Alberto Moravia, 78, married a Spanish divorcee, Carmen Llera, 32, in a civil ceremony in Rome on Monday. It was the second marriage for both. Moravia's first wife, the writer Elsa Morante, died in November.

Robert Venturi, 60, of the Philadelphia architectural firm Venturi, Rauch and Scott Brown, has been named to design an extension for London's National Gallery in Trafalgar Square. The last design for the extension was abandoned after Prince Charles, heir to the throne, described it as a "monstrous carbuncle on the face of a well-loved friend." Venturi is building the Laguna Gloria Art Museum in Austin, Texas, and the Seattle Arts Museum.

"Prizzi's Honor," a dark comedy about a New York crime family, was the biggest winner at the Golden Globes honors of the Hollywood Foreign Press Association. The film, directed by John Huston, was honored in four categories, including best movie comedy or musical and best director. The film stars Jack Nicholson and Kathleen Turner as a pair of professional hired assassins who fall in love, get married and find their relationship ruined by their careers. They were named best actor and actress in a movie comedy. "Out of Africa" was named best movie drama and won honors for best supporting actor, Klaus Maria Brandauer, and best score, by John Barry. The comedian Whoopi Goldberg, in her first film, was named best actress in a movie drama for "The Color Purple" and Jon Voight was named best actor in a movie drama for "Runaway Train."

The anti-apartheid leader Winnie Mandela received the Robert F. Kennedy Memorial Human Rights Award for 1985 at a hotel outside Johannesburg. She was a co-recipient of the award with two other prominent campaigners against South Africa's system of racial discrimination — Allan Boesak, president of the World Alliance of Reformed Churches and Beyers Naude, general secretary of the South African Council of Churches. Mandela and Boesak were unable to attend the official award ceremony in New York.

China Withdraws 'Superman' Film

Los Angeles Times Service BEIJING — Superman has made a hasty flight from the movie houses of Beijing.

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